PN-AAZ-717

ISN = 55904

URBANIZATION IN AFRICAN DEVELOPMENT: ISSUES AND OPPORTUNITIES

March 1988

URBANIZATION IN AFRICAN DEVELOPMENT: ISSUES AND OPPORTUNITIES

March 1988

Prepared by Abt Associates, Inc.

Harry Garnett
Sally Merrill
John D. Miller

Prepared for

Office of Housing and Urban Programs
U.S. Agency for International Development

Abt Associates Inc.
4250 Connecticut Avenue, N.W.
Suite 500
Washington, D.C. 20008

Delivery Order No. 11
IQC PDC-0000-I-00-6187-00

Preface

Development assistance in Sub-Saharan Africa has concentrated on rural areas in its efforts to alleviate poverty in the region. In response to limited human and financial resources, international development attention has focussed on agricultural production. But Africa is changing. Its population is rapidly becoming urbanized. Within the next 20 years, most African countries will pass the point at which half their population will be living in urban areas. Importantly, significant economic activity occurs in cities and towns. The limits of the agricultural sector to provide adequate economic opportunities to a steadily increasing population are now recognized.

The challenge to Africa's development process is to manage the change that is taking place. The potential contributions of cities and towns to national development need to be realized if the success of past agricultural production gains are to be consolidated. Urbanization provides the production efficiencies that support off-farm employment. Cities are the focus of both political and economic decentralization policies and are the principal sites for the processing and marketing of agricultural products. The urbanization process is bringing about economic and political change that affect the ways in which African societies organize spatially and subsist economically. The pattern in which populations in cities and towns settle today will dictate the standard of living and the possibilities of improving that standard for years to come.

International donor institutions have an important role to play in support of the efforts of public and private institutions and, ever increasingly, the informal sector to manage the urbanization process. A.I.D.-supported development activities -- such as in health, population, education, and nutrition programs -- are located in cities and towns throughout the region for the sake of service delivery efficiency. Despite the increasing urban location of these activities, A.I.D. has not articulated an urbanization policy to guide its support to the economic and social development of these places.

This paper contributes to the formulation of an A.I.D. urban policy for Africa. A commitment to a conscious urban policy calls for expanding the array of A.I.D. counterparts within the public, private, and informal sectors in cities and towns who provide credit, land, and infrastructure to low-income families. This paper addresses the physical and spatial aspects of economic and social development activities. It suggests policies for managing the growth of cities and towns so that they can support and sustain their own development. It examines the institutions that must be integral to that process. And, it calls for support through policy dialogue, training in decentralized decision-making, and improved management of local governments.

Opportunities for enhanced national development that are embedded but often disguised in the urbanization process are now part of the Africa experience. The challenge to international donor organizations is to work with public and private entities to identify and capitalize on these opportunities, building them into Africa's changing development environment.

EXECUTIVE SUMMARY

Africa is an increasingly urbanizing continent. Over one-quarter of its current population resides in urban areas. The current urban population growth rate averages six percent annually.

Towns and cities in Africa are important engines of growth for macroeconomies, incubators for innovation and new enterprises, and crucial sources of new employment. Despite the deficiencies in basic infrastructure and social services, capital cities and secondary towns are typically full of economic life, particularly in the informal sector where the poor and recent migrants work.

Urbanization is an important part of the overall development process even in countries where the great majority of people depend upon agriculture for their livelihood and where agriculture is the leading economic sector (almost every African country). The urbanization process supports the growth of agriculture in the modern manufacturing sector. At the same time, development promotes efficient urbanization as well as the introduction of more productive agriculture.

Most of Sub-Saharan Africa suffers from a severe deficit in the quality, quantity, and maintenance of major infrastructure systems. The effects of this deficit, in the face of high rates of urban growth, raise major concerns for the future of African cities and their hinterlands. There are also severe weaknesses in inter-urban and urban-rural linkage infrastructure, particularly roads, but also telecommunications.

Poor infrastructure adversely affects the development of private enterprise. Some enterprises are stifled at their beginnings. Those that survive are suboptimal in size, utilize inappropriate technology, and/or face higher than necessary working costs. In larger cities, losses stem from an inability to take advantage of agglomeration economies.

The structural adjustment currently being applied to African economies is likely to change the terms of trade between urban and rural based economic activities and households. Agriculture will tend to receive more effective attention. Agricultural policy reform and investment will stimulate the growth of off-farm employment opportunities in market and secondary towns. Agricultural policy reforms will encourage the development of more settled and productive agriculture which requires more support from towns as markets and sources of inputs.

The urban sector also has a contribution to make to human resource development: effective training programs are a key to successful decentralization efforts; health is partly an infrastructure issue - not only a matter of medical services but also improved water supply and sanitation; high population growth rates are slowed best where family planning programs are most successful, in urban areas.

A country's development can be grouped into five stages which are characterized in terms of its agricultural and urban activities. The first of these is a subsistence economy in which almost everyone is engaged in agricultural production and where markets are local. These include Rwanda, Burundi, and some regions in almost all African countries.

In the second stage, local markets begin to emerge and expand, and agricultural productivity begins to rise. Most of the labor force is engaged in agriculture and primacy is high. Most low-income African countries are at this stage.

The third stage is characterized by increased agricultural productivity, and an increased urban population representing the major market for produce. Zimbabwe, Malawi, and the Côte d'Ivoire fall in this stage.

The fourth stage is characterized by increasing industrialization. Most people in countries at this stage live in towns and cities. Mauritius is probably the only African example.

Upper/middle income, developed countries are found in the fifth stage. These countries have a strong service sector and high agricultural and industrial productivity. Urbanization is high, while primacy has fallen.

In order for countries to progress from the first to second stage, investments are required in local linkages and urban infrastructure. This is the basis for an increasing contribution from urban-based activities and for rising agricultural productivity. During the third stage, there should be a relatively strong focus on secondary towns, once market towns but now major centers of economic activity. The decentralization of governmental functions should be initiated in the third stage, and emphasized in the fourth stage. This is the point at which donors should focus on local authorities rather than central government.

Secondary and market towns are the spatial focus of the long term relationship between urbanization and agricultural development, and will be a major focus of a region's urbanization. The interdependence of urban and rural populations in Sub-Saharan Africa is striking. There is a positive correlation between improved urban infrastructure and rising agricultural productivity.

Care should be taken in identifying which towns to support. Locations outside the capital region grow in many instances more rapidly than the capital. Secondary towns should be supported by investment in physical and social infrastructure on the basis of their own growth potential rather than policies that attempt to syphon off capital city growth or promote territorial equity. The principal that should underlie decisions on where to make public expenditure is to focus on locations where rapid growth is already occurring or is very likely to occur in the near future. And even then, though economic activity levels may be stimulated by public sector investments, local prosperity will in the end depend upon private sector initiatives.

Urban services can only be provided efficiently if there is a partnership between central and local government, with greater responsibilities being given to the latter than has generally been the case. Municipal management must be improved - the management of the towns and cities themselves and the management of public authorities that provide urban services, including water supply and sanitation, health, education, power, telecommunications, roads and drainage, public transportation, refuse collection, and other community services. Decentralization makes better use of local human, financial, and physical resources. It offers the possibility for more effective resource mobilization, self-sustaining development, projects that better reflect local needs and desires, and increased public participation in decision-making.

Improved local resource mobilization is important for effective urban management and decentralization. Sources of local revenue include property and income taxation; licenses for businesses, automobiles, etc.; user charges for garbage collection, entertainment, etc.; and fees for markets, taxis, etc. The potential for local revenue mobilization, however, is rarely achieved.

Land is a vital resource in development that is under increasing pressure as rapid population growth continues. Land is an inefficiently used resource in Africa today - improvements are required in land registration, tenure and property rights, property tax valuation and collection, land transfers, and land development. Although the lack of serviced or serviceable land is often identified as a major constraint to efficient urbanization, governments rarely formulate land policies that deal with this problem.

The disorganized land markets that characterize much of the region impede public and private sector development alike. Land transactions do not take place frequently because of the complex and expensive land titling and valuation systems. In addition, problems arise from the conflict between traditional tribal and modern land tenure systems.

More attention should be paid to the small businesses that employ the great majority of the urban and rural labor force. Even after policies that unreasonably favor urban areas are eliminated, it is vital to expand urban employment opportunities to support productive, settled agriculture, to provide jobs for surplus rural labor, and to absorb natural increases in urban population.

African governments regard suitable shelter for all as a high priority. Housing is a productive investment - it mobilizes domestic savings, requires few imported inputs, creates substantial direct and indirect employment in the microenterprise sector, improves labor productivity through better living conditions, generates income through the operation of small home-based businesses and renting rooms, and contributes to skill development. However, public resource constraints are now so severe that governments must increasingly limit their support for the achievement of shelter goals to those activities that cannot be carried out by the private sector or for which the private sector has no incentive. Those activities include acquiring land for development, securing tenure, supplying basic infrastructure, establishing appropriate planning standards, and facilitating the mobilization of domestic private financial resources for housing construction.

As problems of urbanization have been defined in a more encompassing manner, so too have the kinds of activities appropriate for capital and technical assistance. Even where A.I.D. is providing only technical assistance, activities have wide impact on urban development. In fact, technical assistance has frequently been the appropriate means by which A.I.D.

can initiate activities that help determine a role for urbanization in national development.

A.I.D. can provide assistance to urbanizing African countries in, inter alia, the preparation of national urbanization policies; the improved management of local governments and public utilities; the improved capacity to generate local resources; effective cost recovery practices; support for formal and informal private sector activities; reduction of infractructure and land development standards; maintenance of infrastructure systems; and the financing of construction of productive facilities, serviced land for shelter, and urban upgrading. An excellent strategy to meet these objectives is a sector lending program that encourages sectoral policy changes.

Management training for local governments improves municipal cost recovery and municipal service delivery. As strengthened municipal management enables fiscal decentralization to occur, programs in local resource mobilization become increasingly important. Local resource mobilization policies are in part based on analyses of local tax bases, infrastructure tariff structures, and local debt capacity.

Urbanization places great pressure on land markets to provide serviced land suitable for industrial and residential development. Programs in urban land management lead to appropriate standards for land development, inventories of public and private land holdings, and cost-effective cadastral systems that make land markets function more smoothly and provide the basis for property taxation in support of municipal development.

A.I.D. urban development programs also encompass activities that support employment generation in both the formal and informal sectors. Small business programs generate local resources that contribute to the fiscal requirements of decentralization efforts. These activities include lending programs for credit unions, building societies, and commercial banks, and training programs in small business management.

Sites and services and urban upgrading programs are important physical components of an urban development program. Land and infrastructure development for productive and residential use provide an application of sector lending programs that seek policy changes to improve the land, infrastructure, and credit delivery systems.

With the support of Regional Housing and Urban Development Offices (RHUDOs), A.I.D. has already begun moving in new program directions in support of the above agenda in Africa. USAID/Kenya and USAID/Côte d'Ivoire are developing sector lending programs that build urbanization opportunities and resources into agricultural development. USAID/Kenya is focussing on market development to encourage increased agricultural productivity, enterprise development, employment generation, production specialization, and increased trade. The USAID/Côte d'Ivoire Secondary City program finances revenue-generating facilities, training programs for municipal officials, equipment for municipal public works departments, simplified cadastral surveys, improvements in tax collection procedures, and surveys of market vendors for local tax collection purposes. The program also supports analyses of economic linkages to identify urban-based investments which support development of the agricultural sector.

History has shown a relationship between rising urbanization and economic development in every country. Increases in agricultural productivity have traditionally been associated with urbanization. There is a need to make the activities which take place in towns and cities more economically efficient, socially responsible, and supportive of the rural-based activities to which they are related. Increased collaboration among urban specialists and policy makers will improve the understanding and design of projects and programs which take advantage of the economic growth opportunities present in urban areas.

TABLE OF CONTENTS

	PAGE
Preface	i
Executive Summary	ii
1.0 Introduction	1
2.0 Urbanization in Africa	3
2.1 Urban Growth	3
2.2 Infrastructure and Urban Growth	5
2.3 Structural Adjustment and Urban/Rural Development	8
3.0 African Development Priorities	11
4.0 The Urban Role in The Sequence of Development	16
5.0 Urban Programs to Promote Development	20
5.1 Secondary and Market Town Development	20
5.2 Management of Municipal Services	27
5.3 Local Resource Mobilization	29
5.4 Land Management	32
5.5 Small Businesses	33
5.6 Sites and Services and Urban Upgrading	36
6.0 Options for A.I.D. Urban Development Programs	38
6.1 Stages of Development and Program Elements	38
6.2 Suggested A.I.D. Activities	40
6.3 New Program Directions	45
Resources and References	46

FIGURES

		PAGE
Figure 1:	Map of the Largest Cities in Sub-Saharan Africa in 2010	4
Figure 2:	A Comparison Between Sub-Saharan African and Other Developing Countries	6
Figure 3:	Sequence of Development in Africa	17
Figure 4:	The Stages of Development and Conditions for Urban Development Interventions	39

BOXES

Box 1:	Urban Bias	9
Box 2:	Small Town Development in Kenya	24
Box 3:	Kumasi, Ghana - A Lively Secondary Town with Poor Infrastructure	25
Box 4:	Development Projects in Secondary Cities: The Contrasting Examples of Zaire and Côte d'Ivoire	26

URBANIZATION IN AFRICAN DEVELOPMENT: ISSUES AND OPPORTUNITIES

1.0 INTRODUCTION

The purpose of this paper is to articulate ways in which urban sector policies and programs support Africa's economic restructuring and agricultural and human resources development objectives. The target audience is policymakers throughout A.I.D. familiar with African development issues but less so with the issues and opportunities of African urbanization.

The paper adopts a broad definition of urban development policies and programs. As to defining the size of urban communities, from a practical point of view, this paper adopts the United Nations/World Bank standard of "settlements with 5,000 or more people," since the more generally available statistics are based upon such a definition. It would be useful to add to that standard: "at least 50 percent of the workforce engaged in non-agricultural activities" (as Botswana does) but the required data are not normally available.

An objective of the paper is to discuss the scope of urbanization so that it will be responsive to current priorities. It should be pointed out that A.I.D.'s urban scope has already been broadened. It now encompasses, besides traditional population, health, and education activities with significant urban impact in their service delivery areas, a strong focus on employment generation activities; informal sector businesses; private resource mobilization; the provision of revenue generating facilities such as bus stations, market facilities, and slaughterhouses; the privatization of municipal services; a land and infrastructure approach to shelter provision; upgrading existing sites; programs in secondary and market towns rather than just the primate cities; municipal management, including revenue generation; and technical assistance and training supporting the public and private institutions involved in these activities.

The paper suggests that increased collaboration among urban specialists and policy makers within A.I.D. will facilitate the understanding and design of projects and programs which take advantage of the economic growth opportunities present in urban areas. History has shown a linkage between rising urbanization and economic development in every country. Increases in agricultural productivity have traditionally been associated with urbanization. In Africa's case, macroeconomic policies are often biased against improvements in agricultural productivity and in favor of the the better-off city dwellers. Towns and cities, however, have become increasingly inefficient due to a lack of social and economic infrastructure. Nevertheless, urban areas continue to be more attractive than rural areas to businesses and job seekers. There is a need to make the activities which take place in towns and cities more economically efficient, socially responsive, and supportive of the rural-based activities to which they are linked.

This report bases its case for urban sector initiatives not on the rapidly growing urban population needing support, but rather upon the crucial role that the sector plays in the achievement of overall development objectives.

The authors of this paper base their findings on discussions with A.I.D. Africa Bureau, Housing and Urban Programs, and Science and Technology staff in Washington and in Africa. Numerous scientific papers and memoranda on African development were reviewed and many experts consulted (see Resources and References).

The report begins by setting the context of urbanization trends in Sub-Saharan Africa (referred to as Africa). Section 3.0 continues with a discussion of A.I.D.'s overall African economic and social priorities in terms of their actual or potential urban content. Urbanization and the sequencing of development is discussed in Section 4.0. The more important urban development themes are outlined in Section 5.0. The final section presents options for A.I.D.responses to urban development needs in terms of stage of development and other country specific characteristics.

2.0 URBANIZATION IN AFRICA

This section provides a brief summary of urbanization trends in Africa: the relationship of urbanization to overall development; the condition of infrastructure in primary and secondary cities; and recent progress toward structural reform of macro-economic policies.

2.1 Urban Growth

More and more people are directly dependent on urban services and employment opportunities. While the level of urbanization in Africa (at 25 percent of the total population) is less than in other continents, urban population growth rates are high. At an average of six percent per year, they are higher than any other continent ever in history. One in seven persons lived in urban areas in 1961. One in four, or over 100 million people, live in towns and cities today. The figure will be well over 200 million by the year 2000, when 40 percent of the region's population will live in urban settlements.

One very comprehensive study's vision of the distribution of Africa's larger cities in the year 2010 is shown in Figure 1. In 1980, Sub-Saharan Africa had only ten cities with more than one million people and 28 with more than 500,000. According to this study, the region will have over 68 cities with populations of more than one million by 2010, when there will be about 124 cities with more than 500,000 people (Une Image a Long Terme de L'Afrique au Sud du Sahara, 1984).

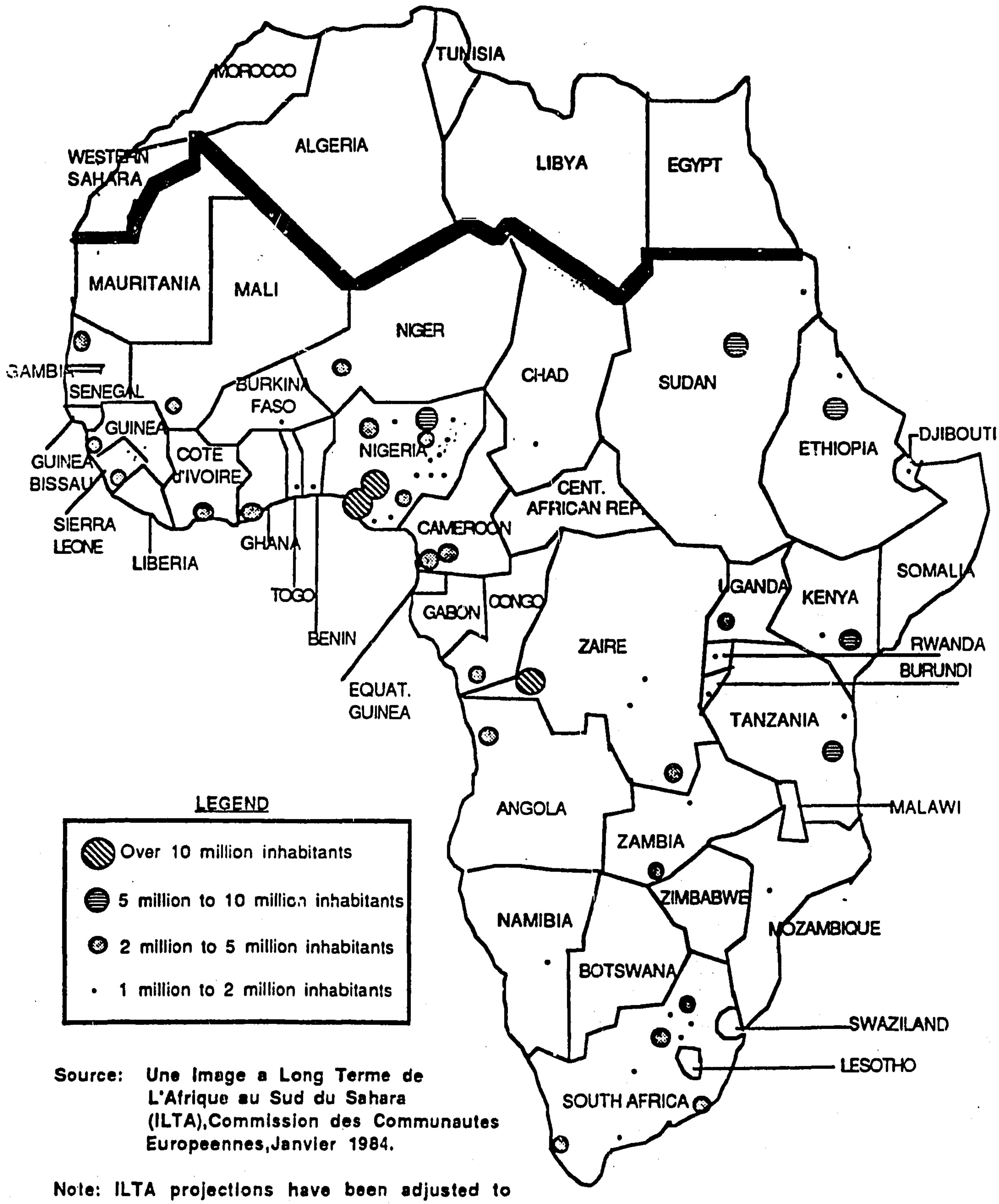
Cities and towns are attractive mainly because of their economic strength. They do not exist by default. Despite the deficiencies in basic infrastructure and social services, capital cities and secondary towns are typically full of economic life, particularly in the informal sector where the poor and recent migrants work. Growth and economic activity rates are high, even against a background of poor infrastructure and inefficient city management. Improvements in urban management and investment in urban sector projects will have high rates of return and will therefore contribute significantly to national economic development.

Towns and cities in Africa are important engines of growth for macroeconomies, incubators for innovation and new enterprises, and crucial sources of new employment. The "value added" of the urban work force is generally much higher than that of the rural work force. For example, non-agricultural activities in Zimbabwe account for 74 percent of wage employment and 85 percent of GDP; the 48 percent of all employees who live in Zimbabwe's seven major towns earn 67 percent of all wage incomes. The five percent of Burundi's population living in urban areas account for two-thirds of the marketed GDP. Capital cities are particularly important: one-third of Kenya's and Zaire's GDPs originate in Nairobi and Kinshasa respectively.

Urbanization is positively correlated with the growth of the "modern" manufacturing sector. There are also many instances of positive associations with agricultural growth. According to ILTA (Une Image a Long Terme de L'Afrique au Sud du Sahara) data, agricultural value added per capita of rural population rose between 1970 and 1980 in almost every country in Sub-Saharan Africa. This is not surprising since towns are distribution centers for inputs as well as major markets for agricultural produce.

Figure 1

MAP OF THE LARGEST CITIES IN SUB-SAHARAN AFRICA IN 2010



Source: Une Image a Long Terme de L'Afrique au Sud du Sahara (ILTA), Commission des Communautes Europeennes, Janvier 1984.

Note: ILTA projections have been adjusted to take account of recent data on growth trends.

Urban centers, because they generate such a large proportion of total value added, are the origin of much of the finance for the development of the country as a whole. Many studies have shown, in fact, that the non-agricultural sector pays a larger share of taxes. (See, for example, Bird and Miller, 1984 and Prud'homme, 1984.)

The underlying causes of rapid population growth are complex. High fertility accompanied by falling mortality resulted in Africa's population growing faster than that of other regions. The more rapid urban population growth includes high natural rates of increase and substantial net in-migration. This population momentum continued even when per capita gross national product growth, in urban and rural areas, slowed to 1.3 percent in the 1960's, 0.7 percent in the 1970's and experienced absolute declines in the 1980's. Migration has clearly been the difference between the urban and rural population growth rates and this in turn may have been affected by macroeconomic policies that have favored urban dwellers.

Migration has been volatile. The net migration into urban areas is made up of considerable in and out migration. This highlights the close connection between urban and rural areas, one of the major themes discussed in the following sections. It is interesting to note that in a number of African countries the growth rate of the primate city (e.g. Dakar, Abidjan) has been declining in recent years, while the growth rates of many secondary cities have been exceeding that of the primate city.

Some of the characteristics of urbanization in Sub-Saharan Africa compared with other developing countries are illustrated in Figure 2. Urban population growth rates are higher overall. The same is true of primacy, the concentration of the urban population in the largest city. The urban proportion of the total is comparatively low. A corollary of this is that agricultural employment as a proportion of the total is very high and industrial employment low (see also De Cola, 1986).

2.2 Infrastructure and Urban Growth

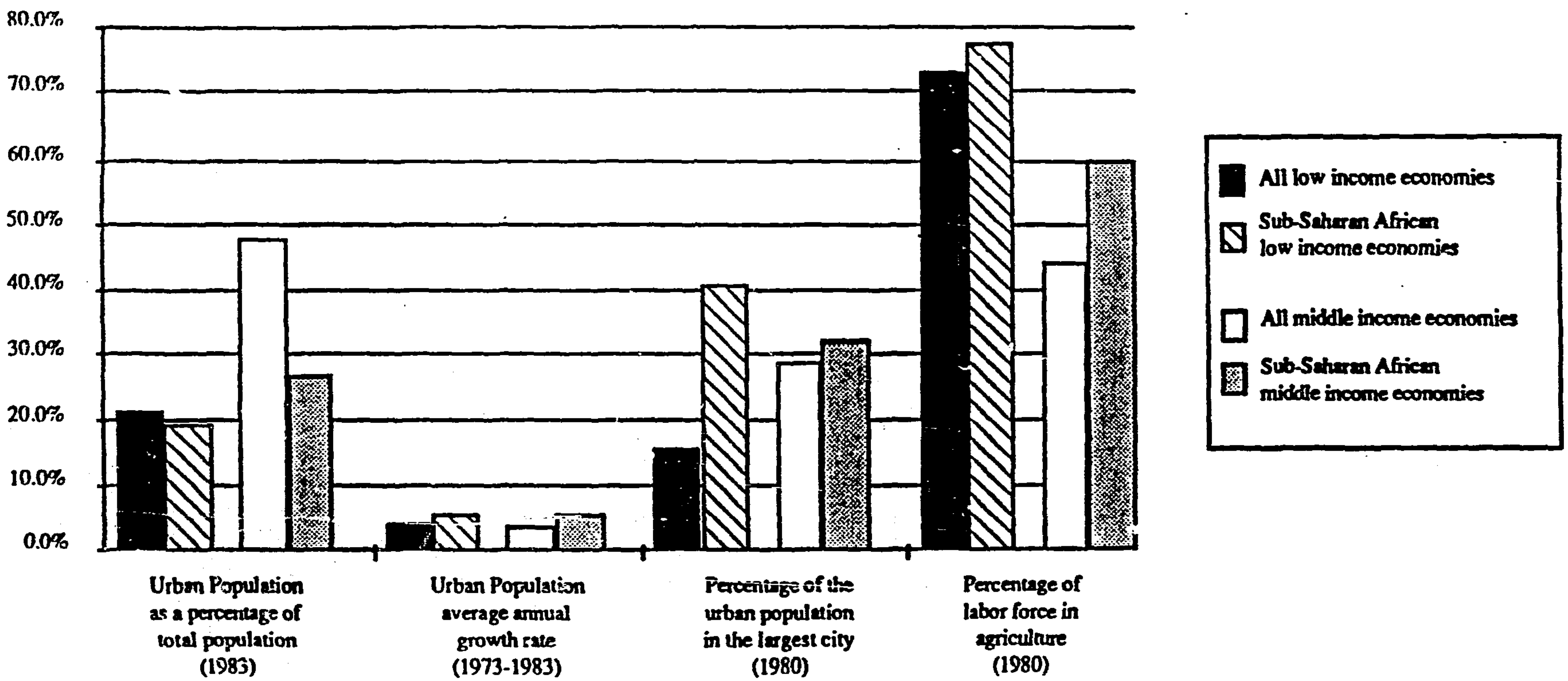
Rapid urban population growth has resulted from the responses of the private sector -- households and businesses -- to the inherent attractiveness of towns and cities. In this context, public policies decisions are made on public expenditure on urban infrastructure and services. The severe deficiencies in urban, inter-urban and urban-rural infrastructure programs will be discussed in this section. The overall policy environment, and structural adjustment will be discussed in the next section.

Most of Sub-Saharan Africa suffers from a severe deficit in the quality, quantity, and maintenance of major infrastructure systems. The effects of this deficit, in the face of high rates of urban growth, raise major concerns for the future of African cities and their hinterlands.

In Zaire urban infrastructure and services reach less than one-half the urban population. Further, the existing base is eroding from lack of maintenance. Kinshasa and the major secondary cities (Kananga, Lubumbashi, Mbuji-Mayi, Kisangani and Bukavu) have infrastructure meant to serve only a fraction of the current populations. New neighborhoods generally have no paved major access roads, drainage, electricity, solid waste disposal, or public transport. Lack of paved access roads inhibit maintenance services for

Figure 4

A Comparison Between Sub-Saharan African and Other Developing Countries



Source: World Development Report, 1987

all types of infrastructure. There are only 2,000 km of paved urban roads in Zaire. Without drainage channels, severe flooding in the rainy season accelerates the deterioration of the remaining streets, washes away mud houses, and mixes potable water and sewage.

In Lagos, similar deficiencies exist in all systems (Hamer, 1986). Vast areas still have inadequate power; outages are frequent. There is a serious lack of arterial and feeder roads; pavements are in poor condition. Much of the city is inadequately drained or not drained at all, resulting in severe flooding. Water distribution suffers from bottlenecks, lack of tertiary networks, and poor maintenance. Major secondary centers, such as Ibadan, Kano, Kaduna, Benin City and Port Harcourt suffer similar or worse deficiencies.

Similarly, in Accra, half the population lives where little infrastructure is available. Poor maintenance exacerbates the problems; paved roads and drainage systems are seriously deteriorated. Cities in the Cameroon, Senegal, and Mali face similar situations. And, again, if conditions in the primary city are deficient, secondary cities face even more severe problems.

Almost no city in Africa has managed to expand infrastructure to accommodate population growth. Nairobi and Abidjan have achieved more than most. In these cities, the problem of maintaining the existing system is the major issue, and often maintenance has been neglected. Fifty percent of Nairobi's population do not have access to basic urban services. Uniquely, some of Zimbabwe's towns and cities are well managed. The primary infrastructure is largely in place; thus investment is required primarily to accommodate growth and maintenance.

There are also severe weaknesses in inter-urban and urban-rural linkage infrastructure, particularly roads, but also telecommunications. For example, the condition of roads linking Kumasi in Ghana to its rural hinterland are so bad that transportation costs for timber and foodstuffs are about twice as high as they should be. Many countries have good road networks, but the roads are in poor condition. Maintenance has been neglected.

Measuring the impact of inadequate infrastructure is difficult. Clearly, lack of infrastructure can seriously undermine the efficiency of public and private enterprises. Some attempts have been made to quantify the overall impact of this inefficiency (see for example, Lee and Anas, 1987). The type of impact depends on what type of system or service is lacking. Power and water, for example, are direct factors of production. Roads and drainage, public transportation, and communications impact both labor supply and distribution of products. Land and housing market development impact locational decisions as well as household well being. Provision and maintenance of local infrastructure requirements is enhanced by national decentralization policies and local resource mobilization, by bringing what is needed closer to those who might be willing to pay.

Thus the "costs" of poor infrastructure affect the economy in numerous ways. Enterprises that might have come into being have not done so. Those that exist are suboptimal in size, utilize inappropriate technology, and/or face higher than necessary working costs. For example, substitution of private infrastructure by the enterprise itself (e.g., generators, security guards, wells, communications systems) impose undue burdens on those businesses. As a consequence, enterprises may not be able to expand to the size necessary to take advantage of economies of scale. In addition, as discussed in Section 5, lack of infrastructure in secondary and market towns is a major factor inhibiting the realization of urban/rural linkages. Finally, in larger cities, losses stem from an inability to take advantage of so-called agglomeration economies (the ability to have simultaneous access to the correct inputs, types of labor, credit, communications, and so forth).

2.3 Structural Adjustment and Urban/Rural Development

Most African economies are undergoing "structural adjustment." This usually consists of "setting the prices right", better fiscal and monetary discipline, encouraging private savings and investment, and strengthening economic management generally. Part of structural adjustment is likely to change the terms of trade between urban and rural based economic activities and households. Agriculture will tend to receive more, or more effective, attention under the structural adjustment regimes than in the recent past. One goal is to remove what has been called "urban bias."

It is worth examining urban bias and its consequences. What it might mean is discussed in <u>Box 1</u>. The bias and its consequences vary by country. African countries have pursued very different macroeconomic policies. For example, one study assessed price distortions in 31 countries (see Hamer, p. 44; Agarwala). Three African countries were among the eleven with the most price distortions (Tanzania, Nigeria, and Ghana); three were among the ten with the least price distortions (Kenya, Cameroon, and Malawi); and three were in the intermediate groups (Ethiopia, Ivory Coast, and Senegal).

Kenya and Zaire illuminate the contrasts that can exist in macroeconomic policies. Kenya's policies were always relatively more free of "urban bias". In Kenya, both Nairobi and secondary cities have shared in urban growth and it is felt that this growth was not induced by urban price distortions. For example, urban areas do not receive food subsidies, urban wage increases are controlled, and public transit fares and water tariffs are not subsidized. In addition, Kenya has always had a spatial investment strategy whereby resources were allocated on the basis of population. There are, however, cases of subsidy by default: while water fees are not actually subsidized in Kenya, they are frequently not collected, thereby subsidizing water consumption. Similarly, to the extent property taxes are not collected, urban land and urban service consumption is subsidized.

Zaire, in contrast, has since 1983 been undertaking reforms in exchange rates, agricultural prices, and parastatals, designed to help the country emerge from severe economic collapse. For example, the zaire has been devalued, trade has been liberalized and tariffs reduced, controls on interest

Box 1

URBAN BIAS

What is "Urban Bias"?

It is widely alleged by students of African development that the continent has become overurbanized. Too many people live in towns and cities, particularly in the capital cities, given the stage of development.

There is some evidence to support this. Although urbanization as a whole is not higher than for other countries at similar stages of development, the concentration of the urban population in the capital cities of low income countries (not middle income ones) is higher than in other continents: the proportion was 41 percent in 1980 for low income Sub-Saharan countries, and 16 percent for all low income countries (the Africa/all developing countries ratio was slightly higher in 1960, before most African countries had gained independence). The urban population growth rates are very high. At six to seven percent per annum, they exceed any other continent's urban population growth rates at any time in history.

It is said that the urban population growth rates are so high becsuse the newly independent national governments and their colonial predecessors favored urban dwellers largely on political grounds. The leadership came from urban areas, and certainly lived there. In addition there was a need to centralize authority in the capital city to counter the threats of tribalism. Public expenditure and pricing policies are said to have been used to achieve these political objectives.

Urban bias is difficult to define and measure. Policies leading to urban bias have included: protection of inefficient, high import content industries; high taxes on agriculture; excessive formal sector wages; lack of incentives for rural production; excessively large public sectors, including dependence on parastatals; excessive allocation of investment resources to urban areas; and overvalued exchange rates, tending to favor the purchases made by urban dwellers. These policies are presumed to have distorted allocations between sectors. The appropriate response to these policies is "getting the prices right". However, considerations such as the spatial focus of overall development policies are also important.

To demonstrate net urban bias, it may be necessary to measure the revenue and expenditure streams. One must take into account where public expenditures were made, which people in which locations benefited from a given pricing policy, and where the public revenue came from to pay for the benefits. In addition, one would like to know what would have happened in the absence of supposedly biased pricing policies.

rates and prices have been eliminated or reduced, budget deficits have been attacked and many parastatals have been privatized, eliminated, or reorganized.

Zaire is certainly not alone in its endeavors toward structural reform. It is expected that future urban policies, including decentralization and development of secondary towns will increasingly take place in a freer environment.

3.0 AFRICAN DEVELOPMENT PRIORITIES

Overall A.I.D. African economic and social development priorities will be interpreted in this chapter in terms of urban sector policies and programs. The principal priorities outlined by Africa Bureau staff and in a number of Africa Bureau memoranda[1] are: economic restructuring, agricultural development and human resources development. The urban policy and program themes themselves will be highlighted in Chapter 5.

1. Economic Restructuring

- **Public finance:** Municipal finance is an urban sector concern with revenue as well as expenditure consequences. The removal of taxes on agriculture as part of structural adjustment means that more revenue must be raised from urban areas if government finances are to be brought under control (especially for countries dependent on agricultural exports).

- **Role of the public and private sectors:** In the urban sector, as in others, the role of the public sector is now seen as that of a facilitator of private sector activities or at least a partner in the delivery of urban services. For example, governments are urged to distance themselves from the production of housing and limit their activities to critical inputs such as land, primary infrastructure, and finance.

- **Self-sustaining development:** Cost recovery leading to the reduction and eventual elimination of subsidies means that housing and infrastructure programs can be self-sustaining. Similarly, municipalities are now being urged to become more resourceful in raising revenue. Full cost recovery is of course difficult in projects for low income groups. Local community organizations and NGOs can have a role to play in these situations.

- **Private sector industrial initiatives:** Support for the generation of off-farm employment opportunities will become more important as population and agricultural productivity (output per unit of labor) rises. Backward linkages from agriculture to urban areas (processing) will also be emphasized to generate more value-added close to the point of production (and in-country). Backward linkages from rural to urban areas are to a large extent dependent upon the availability of credit, local entrepreneurs, good road networks, electricity, etc. The informal sector is invariably the most lively economically in Africa, and it employs the great majority of urban dwellers, including those in

---

[1]See particularly two A.I.D. papers entitled <u>U.S. Assistance Strategy for Africa</u> (June 1986 and June 1987).

construction activities. It also tends to have strong linkages with a town's rural hinterland. There have been some very successful informal sector support projects around the world (but few in Africa). Their lessons must be applied in local African contexts. Some of A.I.D.'s urban sector initiatives in Africa (for example, Kenya) have provided infrastructure for small businesses. The informal sector also has an important role to play in absorbing labor made redundant through reductions in civil service staffing and the cut-backs in employment in public enterprises; both those segments of the labor force tend to be located in towns and cities. A.I.D.'s shelter programs have given support to microenterprise development since many small businesses operate from residences

- **Correcting price distortions:** These have been the root causes of what has been called urban bias, thought to be a particularly severe phenomenon in Africa. (What urban bias might mean is discussed in Box 1.) Overvalued currencies, low producer prices, and interest rates below the rate of inflation have all favored urban dwellers and activities located in urban areas. Prices have been distorted in urban areas: many parastatals charge less than costs and market prices; beneficiaries pay less than the cost of services. The informal sector, which employs the great majority, and almost all the poor, receive no such support. Correcting price distortions will result in the correct price signals being sent to urban households and businesses and can improve long term cost recovery on urban projects.

- **Free-up markets:** Some of the most "free" markets are to be found in the informal urban sector. We need to know more about how those markets work to be able to find the best ways to support private sector growth in urban areas. At a national level, freeing up markets can lead to a more economically efficient allocation of population and economic activity between urban and rural locations. In urban locations, this means between market towns, secondary towns and the primate city; the first two will tend to benefit more than the primate city.

- **Domestic resource mobilization:** In the long run, improved domestic resource mobilization is the only way to overcome Africa's severe debt servicing problems and still meet the continent's urgent investment needs. In almost every country in the world, urban areas are the most important actual or potential sources of domestic resources; they become more important as development progresses. Tools to increase the local resource base include, for example, land valuation, sales registration, licenses and permits, and service fees.

- **Public management reform:** While cities are growing so quickly, the institutions responsible for running cities are very weak. Local government is even more poorly supplied with well qualified managers and professionals than central government. The quality of staff needs to be improved. At the same time, the quantity of local as well as central government staff may have to be reduced. It should also be noted that African civil service employees tend to receive free or highly subsidized houses; other methods of compensation may be more appropriate.

- Decentralization: In the context of this paper, decentralization means giving more political power to mayors and local councils; giving them more responsibilities; and giving them the right to raise funds locally or keep a larger proportion of the funds collected on behalf of central government. An exploration of the meaning and feasibility of decentralization is crucial to the effective development of secondary towns in support of agriculture. A major problem is that whereas most central governments are prepared to announce policies in support of decentralization, few relinquish significant political and revenue raising power. Many governments are now demanding that municipalities take on more responsibilities without the trained manpower and resources needed to carry out these tasks. And decentralization is greatly constrained by the lack of skilled staff. In some instances, more effective centralization may be necessary until major training programs make significant impact.

- Intra-regional trade: The hinterlands and natural trading partners of many African towns and cities, particularly secondary towns, are frequently in other African countries rather than the town's own country. There is substantial illicit movement of goods, as well as people, across borders. Macro-economists want to encourage more intra-regional trade, preferably legal (in the interests of augmenting government revenue), since very small proportions of the continent's (formal) trade is among its nations. Secondary towns will be the "hubs" of this trade.

2. Agricultural Development

- Production: A principal objective of all donor activity in Africa is to reverse the continent's rising dependence on imported food. Until recently, per capita output of food has been falling in most countries. This is a particularly serious matter in a continent in which most people depend upon agriculture for their income. Last year's UN Special Session on Africa identified "agriculture as the leading sector." Policy reforms are now being introduced to encourage the development of more settled and productive agriculture. Settled, modern agriculture requires more support from towns than mobile, bush/fallow agriculture. Towns are markets and sources of inputs. Recent World Bank and IFAD studies have shown that agriculture tends to be more productive (and more settled) closer to towns and main roads (leading to towns). Some experts take the extreme view that support for urban areas is the best way to promote agriculture since the farmer's primary requirement is a growing market. It is clear that efficient, growing cities have a very important role in increasing agricultural production. A new thrust of A.I.D.'s programs is to improve agricultural marketing which to a great degree take place in secondary and market towns.

There are other impacts of agricultural reform on urban locations. Price reforms may reduce (but not eliminate) migration rates from rural to urban areas since output will grow and settled agriculture requires more not less labor in its early, pre-mechanization stage. In addition, privatization can generate business activity (and employment) in urban as well as rural areas. Parastatals tend to be highly centralized in capital cities.

- **Natural resources management:** This includes urban as well as rural land and, in this context, is particularly concerned with the fringes of towns where the transformation from rural to urban uses is taking place. Two key resources are land and water. One problem with urbanization in Africa is that cities tend to sprawl at much lower population densities than characteristic of Asia and Latin America. This is because standards for plot size, circulation, and open space are inappropriately high. Improved urban planning would reduce land needs. That would in turn reduce the rate at which valuable agricultural land is lost to cities. (Denser development would also reduce infrastructure costs.) With respect to water, many utilities do not charge urban dwellers the real marginal cost of supplying water. As a result, many towns are expanding beyond their ability to pay for water. This scarce resource is being depleted too quickly.

3. Human Resource Development

- **Training:** Human resource weaknesses are apparent in all sectors. They are particularly serious outside capital cities, in secondary and market towns. Urban institutions are poorly managed. A key to effective decentralization is major training programs for local government. Training should include policy (part of the "policy dialogue"), skill level training, and institution building. There are also general educational needs. Although access to primary education is improving, many urban as well as rural poor remain illiterate.

- **Health:** Many diseases seem to begin in and spread from towns. This applies to the most serious diseases such as AIDS, as well as childhood diseases such as measles. Tertiary health care tends to be concentrated in the larger towns and is another source of "urban bias." But this concentration hardly benefits the urban poor who would, like their rural counterparts, prefer better primary and secondary health care. Health is partly an urban infrastructure issue: not just a matter of clinics but also improved water supply and sanitation. And these often depend on a reliable power supply.

- **Population:** Many African countries have among the highest population growth rates in the world. In this context, urbanization is helpful since birth control programs are more successful in urban areas. It is there that opportunity costs prompt large families to utilize family planning programs.

4.0 THE URBAN ROLE IN THE SEQUENCE OF DEVELOPMENT

Many urban themes have been referred to above. Before discussing the main ones, the urban role in the sequence of development will be outlined. This will help to identify some of the mechanisms in Africa's urban-agricultural relationships It will also be useful to help identify at what stages governments and donors should consider different policy and project interventions.

Urbanization is an important part of the overall development process even in countries where the great majority of people depend upon agriculture for their livelihood and where agriculture is the leading economic sector. In fact, the development process consists of the promotion of efficient urbanization and the introduction of more productive agriculture; the two go hand-in-hand.

The stages of development in terms of agricultural and urban activities are illustrated in Figure 3. The implied chronological order of development is of course not at all rigid; rather, it is is important how each stage is charaterized. An important element of that characterization is the availability of physical infrastructure to support expanded economic growth.

Stage 1: Subsistence. Economies in which almost everyone is engaged in agriculture and where markets are local are at this stage of development. They include countries such as Rwanda and Burundi, some of the Sahelian nations, and some regions in almost all African countries. Only two percent of Burundi's population and five percent of Rwanda's live in urban locations. Agriculture is primitive. Fertilizer consumption (a measure of agricultural productivity) is very low in both countries.[1] The manufacturing sector is very small. The few urban locations are centers of administration and some trading.

Stage 2: Emerging Local Markets. The next stage in the process takes place when urban markets begin to expand and agricultural productivity (output per unit of labor and land) begins to rise. It is not simply that agricultural productivity rises and surplus labor moves into towns. First of all, productivity will only rise if there is demand outside rural areas. This could be for export, but since very little of Africa's agricultural output is destined for foreign markets, the main source of demand tends to be local (within the region or country or across a border in the same economic region). Secondly, the initial settling of agriculture (farmers using the same land, rather than following a pattern of bush/fallow) requires more not less labor--to clear the land, weed, and so on. So initially, there might not be a surplus to move into towns; yet an expanding urban market is needed to give farmers the confidence to settle and invest. At this stage, villages expand into market towns, still very closely linked to agriculture, and the

[1]Fertilizer consumption averages 58 hundred grams of plant nutrient per hectare of arable land in the low-income African countries. The average for all low-income is 197 and for middle-income African countries 365 (World Bank 1986).

FIGURE 3
SEQUENCE OF DEVELOPMENT IN AFRICA

STAGE	AGRICULTURAL EMPLOYMENT	AGRICULTURAL PRODUCTIVITY	URBAN PROPORTION	PRIMACY	URBAN EMPLOYMENT	MANUFACTURING	INFRASTRUCTURE NEEDS	AFRICAN EXAMPLES
1 Subsistence	Very high >90%	Very low bush/fallow	Very low	Low: Scattered market towns	Almost all trading	Very little	Very little	Many regions within countries; few countries, including Rwanda and Burundi.
2 Emerging Local Markets	High, still well over 60%	Low; more tools, draft animals; more settled	Low	High: Capital city attractive business and government	Still mainly trading and administration	Growing formal sector; simple manufacturing by microenterprise	Concentrate on capital city, links villages to markets	Almost all lower income countries
3 Rising Agricultural Productivity	Still over 60%	Beginning to rise more rapidly; much more settled agriculture	Rising above 50%	Still rising; secondary towns emerging	Growing rapidly	Growing rapidly esp. microenterprises; still small prop. workforce	Increasing demands from secondary towns	Some of the better performers, such as Malawi, Côte d'Ivoire, and Zimbabwe
4 Urban Value Added Dominant	Falling towards 50%	Continues to rise; most agriculture; settled	Over 50%	Levelling out; rapid growth secondary and market towns	Continues to grow	Growth accelerating; some larger enterprises	Expenditure roughly in proportion to population growth; growing decentralization of authority.	None. (Elsewhere, the other continent's middle income economies)
5 Upper Middle Income	Below 40%	Continuing to rise	Over 60%	Beginning to fall	Rapid growth of service sector	Steady growth to 25% of total	As above, with towns and cities raising a high proportion of their own development resources	None (Elsewhere, upper middle income economies)

capital city expands as the most attractive location for businesses seeking to diversify out of agriculture into service and manufacturing activities. Primacy rises rapidly.

Most low-income African countries are at this stage. Only two with populations over one million have less than 60 percent of the labor force engaged in agriculture. In more than half the countries the proportion is over 80 percent. The proportion of the total population resident in urban areas averages 23 percent for the low-income African countries. Primacy (the proportion of the overall urban population that lives in the capital or main city) is high in Africa's low-income countries: it averages 45 percent. At this stage, towns and cities are mainly trading, service and administrative centers. There are a small number of large formal sector enterprises (often state owned and/or in joint venture with foreign partners) and hundreds or thousands of microenterprises.

Stage 3: Increasing Agricultural Productivity. Many African countries aspire to this stage. The majority of the people still work on farms, but now well over a third of the people live in cities. A higher proportion of agriculture is "commercial farms", not necessarily large, but oriented to commercial production. The microenterprise sector in towns remains highly active, and many of the participants will soon be managing substantial enterprises. The urban market for agricultural produce is growing rapidly. Most of the national value added is being produced in towns. Although primacy continues to rise, some secondary towns are becoming "primate cities" in their own right, at a regional level. These towns are becoming major population and economic activity centers, most having strong connections with their rural hinterlands, with ports, and with the capital city and other secondary towns. The urbanization/agricultural output relationship becomes clearer at this stage. There is strong statistical correlation between the two for the middle-income African countries (but not for the lower-income ones where the relationship is statistically as random as possible).[1]

The industrial proportion of (urban) employment should be rising strongly at this stage, though in Africa it is generally not. In 1980, nine percent of the African labor force was in industry; the average for all developing countries was 16 percent. (The African service sector was also smaller as a proportion of the total, 16 percent compared to 22 percent for all developing countries.) Even for middle-income African countries the average proportion was only 11 percent, compared with 23 percent for all middle income economies.

Stages 4 and 5: Increasing Industrialization. At stage 4, most people live in towns and cities. In Africa, this is only the case with Mauritius. Over 20 percent of the labor force should be in industrial employment at stage 4. Again, the only African country to achieve this is Mauritius. Africa's middle-income countries are not yet at stage 4. Even those with higher per capita incomes still have 60 to 70 percent of the labor

---

[1]The value of R2 for the correlation between the urban proportion of total population and the food index (food production per capita now compared with 10 years ago) is 0.75. The slope of the curve is positive.

force in agriculture. The relative wealth of the middle income countries is derived largely from mineral resources, not from a mature economy in which over half the people live in towns and cities.

Since African economies that are moving into these later stages have poorly developed industrial and manufacturing employment in towns and cities, it is clear that Africa has an underdeveloped urban as well as agricultural sector.

What do these stages of development mean for governments? The main thrust of public sector activities is summarized in the penultimate column of Figure 3 which indicates "infrastructure needs". At stage 1, those needs are few. But in order to progress to stage 2, investment in local linkages is necessary. Then during stage 2, when the capital city is growing rapidly, and will have 40 to 60 percent of the total urban population, its urban infrastructure needs rise. These linkages, together with the urban infrastructure, form the basis for an increasing contribution from urban-based activities and rising agricultural productivity. During stage 3, there needs to be a relatively strong focus on secondary towns, once market towns, but now major centers of economic activity. There continues to be a need to improve communication of all kinds as the market economy spreads and becomes more complex.

Stage 4 is the decentralization phase, although initial steps should be taken in that direction during stage 3. Less central government intervention is appropriate. Not only is there now a growing indigenous business sector (not just microenterprises) but local authorities have the economic basis for controlling their own development in terms of raising funds locally. Also, they should have the necessary institutional skills. To move from stages 3 to 4 and make decentralization effective, major training programs will be required. Secondary town and regional development should proceed; regional resources must be raised to support that development. Late in stage 2 and in stage 3, central governments should relinquish some control to local authorities. It is at this point that donors should focus on local authorities rather than central government.

5.0 URBAN PROGRAMS TO PROMOTE DEVELOPMENT

Some ways in which urban programs and policies can help to overcome weaknesses in the sequence of development--and therefore support the economic restructuring, human resources, and agricultural development priorities in Africa--will be discussed in this section.

5.1 Secondary and Market Town Development

The development of Africa's secondary and market towns will be a major focus of the next phase of the region's urbanization. Secondary and market towns are the spatial focus of the long term relationship between urbanization and agricultural development.

The interdependence of urban and rural populations in Sub-Saharan Africa is striking. On a regional basis, an estimated 70 percent of urban residents are linked to the agricultural/rural sector, while in towns between 2,000 and 5,000 people, 90 percent may be linked in this manner (Cour, 1984). Studies of market centers and small towns in Sierra Leone, the Philippines, Thailand and Malaysia have shown that such urban areas have grown as a direct consequence of the commercialization of agriculture in their surrounding region. Gibb found that three-quarters of the employment in these urban centers was the result of activities dependent upon agricultural income. (Gibb, 1984). Almost all African countries are at a stage of development where the majority of the workforce will be engaged in agricultural activities for many decades.

Anecdotal evidence suggests that there is a linkage between improved urban infrastructure and rising agricultural productivity. The World Bank is financing a study to collect data on the quality of infrastructure and services in secondary towns and associated agricultural performance over a long period of time and in many locations. It is not difficult to observe that some secondary towns are growing very rapidly because their agricultural hinterlands are now prospering. More attention should be paid to secondary towns now for many reasons: (a) their role in agricultural processing, marketing, storage, and distribution; (b) they may have been neglected in the past; (c) their hinterlands may be prospering more so than in the past; and (d) decentralized decision making and resource mobilization should reflect local needs.

It is important to understand the nature of urban-rural linkages. They can be observed in a number of ways - through the flow of money, goods, and people. The basic linkages can be expressed as follows:

a. the demand by the rural population for non-food goods;
b. inputs and services to agriculture;
c. the demand by urban dwellers for food.

The first two depend very much on the demand for agricultural output. The first is highly income elastic; generally about 30 to 40 percent of rural household budgets are spent on non-food goods. If policy reforms now underway greatly increase the demand for locally grown food and leave a larger proportion of the export crop surplus (export price minus the price paid to the farmer or local wholesalers) in rural areas, then these two linkages will be greatly strengthened. In fact, making the second linkage stronger is a necessary precondition for an appropriate supply response on the part of farmers to increases in farmgate prices.

The increases in rural incomes brought about by improved accessibility to markets and rising agricultural productivity lead to much higher levels of activity in secondary and market towns. The rural poor have a very high average propensity to consume (typically 70 to 90 percent of their incomes). The income and price elasticities of demand are high at low levels of income. Low income households consume products and services produced locally rather than from distant cities or imported. Therefore, increased rural consumption due to increased income will tend to diversify the manufacturing and service sectors in market and secondary towns, and create substantial off-farm employment opportunities (Lele, 1987).

The third linkage may be weakened by the removal of subsidies for urban food consumption (an objective of donor policies), but this factor will be overwhelmed by long term urban population growth trends. The improvements in agricultural productivity sought by those responsible for restructuring African economies will probably owe as much to expanding local markets as to research into farming systems, new seeds, biotechnology, etc. It is the changing distribution of population between urban and rural areas that will have the most profound impact on agricultural incomes in the long term. This will be the case in Africa as it is in every other continent.[1]

Long ago economists such as Von Thunen discovered what farmers always knew: that farms closest to towns were the most profitable. These farms earned what became known as an "economic rent" attributable to their favorable location. Over the next twenty five years or so almost all African farms will come under the influence of urban markets, according to a series of studies summarized in the ILTA report. The report estimated that in 1950 almost one third of West Africa's agricultural population was effectively outside the range of urban markets. The proportion is expected to fall to three percent by 2010. On the other hand, whereas in 1950 only three percent were strongly influenced by urban markets and located in periurban communities, by 2010 almost 40 percent will be.

This spread of urban markets should greatly increase the disposable incomes of farmers. The ILTA studies estimated that agricultural GDP per rural inhabitant will rise from $140 in 1980 to $238 in 2010, in real terms. This is a far more rapid increase than anticipated for formal or informal sector urban dwellers. The incomes of the first group are actually expected to fall in real terms--this has already happened in some cities as a result of the removal of urban subsidies. However, the urban formal sector GDP per inhabitant will continue to be far higher. The 1980 average for Sub Saharan Africa was estimated to be $2,560, over ten times even the informal sector figure and over 15 times the agricultural average.

---

[1]The role of cities as agricultural markets has been articulated by Rondinelli in a recent article (Cities as Agricultural Markets, The Geographical Review, October 1987). See also Sporrek, Anders, Food Marketing and Urban Growth in Dar es Salaam, Lund Studies in Geography, No. 51, Royal University of Lund, Sweden, 1985.

So the growth of towns, together with linkages between them and rural areas, will give essential support to improvements in agricultural productivity and thus help to improve macroeconomic performance.

The barriers to the realization of effective urban-rural linkages in Africa have been numerous, and include:

- macroeconomic polices, including overvalued exchange rates and low, administered food prices working against agriculture and rural based activities;
- reliance on parastatals, which by-passed local linkages;
- lack of access to credit;
- lack of intra- and inter-city transportation networks;
- lack of market information;
- weak technology support, such as mechanics for farm machinery repair;
- lack of other types of physical and social infrastructure; and
- insufficient local institutional strength and ability to generate local revenues (see discussion in Hamer; Becker; Cohen, 1981).

Progress is being made to overcome the macroeconomic distortions. However, correcting price signals to agriculture is only one aspect of the issue. "Farmers react to a whole package of incentives, most of which are linked to the adequacy of urban-based activities". (Hamer, p. 35; see also Cleaner)

Care should be taken in identifying which towns to support. At a certain stage of development, locations outside the capital region do in many instances grow more rapidly than the capital. This can happen with little direct government intervention. Kenya's secondary towns (those in the 20,000 to 100,000 population range) grew more rapidly than Nairobi and Mombasa between 1969 and 1979: their share of total urban population grew from 7 to 31 percent; the shares of Nairobi and Mombasa together fell from 70 to 51 percent. Kenya has a relatively neutral population distribution policy and a good intercity transportation network.

Secondary towns should be supported by investment in physical and social infrastructure on the basis of their own growth potential rather than a policy to syphon off capital city growth or to promote "territorial equity". Kenya's largely neutral policy is most appropriate. There, public sector investment in water and sewerage systems, land acquisition, low-cost housing, roads and other infrastructure has been roughly on a per capita basis across all sizes of towns and cities. Only "national" investments such as the international airport and major hospitals have favored Nairobi and Mombasa. The outcome of this policy, and local growth potential, has been that the secondary towns have grown more quickly, on the basis of local business opportunities than the two largest cities (which have nevertheless continued to grow).

A neutral policy does not mean a lack of support. The World Bank's Kenya Secondary Towns Project is providing five towns with basic urban services for 29,000 lower- to middle-income families, credit to low-income households for the construction of houses and workshops, community facilities such as markets, workshops, schools and dispensaries, maintenance equipment, and technical assistance and training for local authorities in programming and accounting. The theme of the project is "urban centers for promoting rural growth". A.I.D.'s complementary Small Town Development Project is providing similar services to smaller towns. This project is summarized in Box 2. Another World Bank project with a similar theme is being prepared for Kivu Province in Zaire.

The principle that should underlie decisions on where to make public expenditure (which towns, which regions, or which parts of regions, etc.) is to focus on locations where rapid growth is already occurring or is very likely to occur in the near future as a result of structural adjustment and changes in macroeconomic and sectoral policies. The best measure of "need" is an observation that economic activity levels are well ahead of public sector service provision. A secondary town where that is true, Kumasi, Ghana, is described in Box 3. To fulfill that observed need will employ all the public sector resources likely to be available in the foreseeable future, given the very high urban population growth rates in many locations. It will also give much higher economic rates of return than, for example, developing new locations or promoting slow growing ones.

Resource needs and constraints are also instrumental in shaping policies with regard to secondary towns and decentralization. In Zaire and Côte d'Ivoire, for example, vast contrasts in geographic and demographic profiles and resource requirements have resulted in different decentralization approaches. In Zaire, which has a number of very large secondary cities, the problems posed by lack of infrastructure and communications are overwhelming. Given limited resources, the World Bank has therefore concentrated on one province thought to have the potential for high pay off--Kivu Province. A region with tremendous agricultural potential, Kivu lacks basic infrastructure and has limited inter- and intra-region linkages. In contrast, in Côte d'Ivoire, the dimensions of the resource problems facing the relatively much smaller secondary centers are simply of a lesser magnitude. Thus, beginning with a focus on 12 secondary towns, A.I.D. has extended its program to a grand total of 24 towns. This is described in Box 4.

The so-called "growth pole" policies advocated during the 1950's and 1960's largely failed to stimulate the growth of secondary cities or to bind these urban areas more closely to their hinterlands (Rondinelli, 1983, and Richardson and Richardson, 1975). To the extent that these growth poles simply transplanted capital-intensive, export-oriented industries, they failed to benefit the majority of the surrounding populations or to strengthen the urban-rural linkages. Also, these policies were motivated by considerations of "territorial equity" and tried to promote with infrastructure-leading activities in areas that lacked real potential; these locations were not attractive to business people.

Box 2

SMALL TOWN DEVELOPMENT IN KENYA

Kenya's Fifth Plan targeted 17 towns for priority consideration. In 1979, the government, in conjunction with A.I.D., developed the "Kenya Small Towns and Community Development Project." This project combines capital financing with the building of local capacity to plan for, and meet, the needs of urban development. To date, 15 towns ranging in population from 5,000 to 50,000 have benefited from the program; 11 more towns have been added to the project.

The town of Karatina in Central Kenya provides an example of what can be done. This town serves as a produce market center which draws traders and wholesalers from throughout the country. It has the largest open air market in East Africa serving more than 20,000 people twice a week. A newly constructed market, about 1/2 km from the present market area, includes 290 covered stalls, a concrete and tarmac core area, entrance gates, ticket bays, security lights and improved toilet facilities. It replaces a market area that had only a few covered stalls and which turned into a muddly field on rainy days. The market was designed to be affordable, that is, to meet the demand, provide a service, and pay for itself. After a year in service, the market is providing a net revenue (after loan, recurrent and maintencance expenditures) of US$6,000 to the local authority.

A principal project objective is to strengthen local government. This strategy has three main elements: development of a new planning process, training in management, and enhancing self-reliance by more revenue-generating projects. The new project planning procedures include greater involvement of Councillors in project identification and the specification of sources of revenue to operate and maintain the projects. Training included four week workshops in financial management covering planning and budgeting, revenue generation, and expenditure management and control.

The program to strengthen local government proved difficult to introduce but ultimatley worthwhile. For example, local authorities were given the responsibility to prepare their Local Authority Development Programs (LADPs). Unfortunately, since they lacked the skills to do so, Central Government sent out its own staff to provide assistance. In this way, local authority staff eventually benefited from central government guidance. In particular, they began to see that the key to local autonomy was to have viable, self-financing projects.

Box 3

KUMASI, GHANA - A LIVELY SECONDARY TOWN WITH POOR INFRASTRUCTURE

Kumasi is Ghana's second city and capital of the Ashanti Region (and ancient Kingdom). It has a population of almost half a million and is a major center of communication. Kumasi is instructive because it illustrates a number of characteristics and some opportunities for improvement of African secondary cities.

Its infrastructure is in very poor condition. Kumasi may have the worst urban roads in Africa--large potholes, road surfaces well below the top of storm drains. It is rarely possible to exceed 20 mph along any urban road. Very little garbage is cleared away. Power supply is precarious at best. Sanitation standards are poor. Water quality is low, especially in the low lying flood zones where the poor live (and where the construction of buildings is actually forbidden, yet thousands live and work).

The local authority lacks the resources to maintain the infrastructure let alone improve it. Central government has recently given more responsibility to local authorities, in the spirit of decentralization. However, locally raised taxes are hardly sufficient to pay the local authority's wages, and worse, they are hard to collect. Recently the Mayor had to use soldiers to collect the meager property tax that is based upon land values of 20 years ago. Citizens do not see why they should pay for services they do not receive.

Yet Kumasi is a thriving center of economic actvity. It is a demonstration of the strength of urban/rural linkages; of how urban and rural areas are mutually supportive. The central market has over 8,000 stalls, and a permanent waiting list of 1,000. There are many other markets throughout the city. Agricultural produce flows into the city from all directions: yams, cassava, lake and sea fish, tomatoes, meat, and plantain. Consumer durables come from Accra and the ports. Secondhand clothes arrive from Côte d'Ivoire. The market supports thousands of small workshops. There is also a timber industry that processes hardwoods for export. That industry has also spawned hundreds of small workshops. And, in one of the most flood prone parts of the city is a metalworking and car repair workshop area with scores of small scale enterprises.

Many experts believe that the provision of infrastructure is a precondition for economic development. Yet in Kumasi the paradox of economic life without infrastructure is evident. The response to this paradox is not to conclude that secondary towns serving low income agricultural areas do not need infrastructure. It is that they and their hinterlands could be very much more productive if they were allocated, or were able to raise themselves, funds for maintenance, upgrading and even additional construction.

Governments and donors should seek out towns that are succeeding under such adverse conditions. Projects in those places will give very high rates of return. In such circumstances governments can also expect to mobilize considerable local resources. Businesses will be sufficiently profitable to contribute to the costs of local public services through user charges and property taxes.

Box 4

DEVELOPMENT PROJECTS IN SECONDARY CITIES: THE CONTRASTING EXAMPLES OF ZAIRE AND CÔTE D'IVOIRE

In the face of growing evidence of the adverse impact on development of poorly functioning secondary cities, many African nations have adopted decentralization programs. Zaire and Côte d'Ivoire provide interesting examples of the differences encountered in the development of strategies for secondary towns.

Unlike the majority of African nations, Zaire has five major secondary cities ranging in size from 400,000 to over a million. Secondary cities and their development are considered inseparable from the development of their hinterlands. Although many issues are important, two have received major attention as crucial to the process: strengthening and expanding infrastructure and strengthening local governments.

Infrastructure development in secondary cities in Zaire appears vital to growth in all sectors, including agriculture. The lack of roads, electricity, water, and credit severely constrains the non-farm employment serving the farming communities. The central authorities control most resource decisions. Weak local government, with inadequate tax collection and tax bases, prevent the use of local resources.

Zaire's Kivu province has tremendous agricultural potential. Kivu is also the most urbanized of the "great lakes countries"; urban areas here are expected both to help develop agricultural activities and rural settlement and also to expand the already substantial trade with East Africa. The World Bank supported plan for Kivu, then, is to undertake a regional approach with simultaneous action in all sectors. The urban aspects include an urban master plan, improvement of the technical capacity of local government, improvement of tax and financial systems, and broad infrastructure development, including transportation, communications, water and energy.

The context of secondary cities' development in Côte d'Ivoire differs in two important ways from that in Zaire. First, the primacy of Abidjan is a major feature of the economy; the city may reach a population of about 2.0 million by 1990, while Bouake, the second largest has a population of 350,000 and only two other cities exceed 100,000. Second, although Côte d'Ivoire's infrastructure suffers from serious maintenance problems, it is in relatively better condition than that of many other African nations.

Since 1980, the government of Côte d'Ivoire has been decentralizing decision making and revenue generation to local governments. A major goal is to shift administrative and financial responsibilities to the municipalities. Since 1980, A.I.D. has supported this policy with a broad-based urban project. Activities include municipal financial and administrative training, cadastral projects for improved tax collection, upgrading, potable water, sites and services, a performance based incentive program and increased involvement of the private sector. Thus, in contrast to a single, regional, multi-sectoral planning context for development in Kivu, Côte d'Ivoire has followed an urban, multi-centered approach.

Among the most significant support that governments can give to emerging secondary and market towns and their hinterlands is improving accessibility. Support includes telecommunications as well as highways, and may include extensions to the electric power network Some African nations are major power generators, even exporters; Zambia is an example; Lesotho soon will be. An important contributor to the success of Kenya's secondary towns is a good national road network. In contrast, Zaire's road network is poor, cutting off the potentially rich Kivu province from other population centers and ports. Feeder roads are important for improving the access of agricultural areas. Proximity to a main road is a major determinant of improvements in agricultural productivity (Pingali, 1986).

In summary, the role of governments through urban sector policies is to support secondary town growth where it is occurring or where there are very good grounds for believing that it will occur. Economic activity levels may be stimulated by public sector investments, but in the end local prosperity will depend upon private sector initiative.

5.2 Management of Municipal Services

Municipal management covers the management of the towns and cities themselves and the management of public authorities that provide urban services, including water supply and sanitation, health, education, power, telecommunications, roads and drainage, public transportation, refuse collection, and other community services.

There is a need to foster decentralization so that decisions can be taken that are more sensitive to local needs and opportunities. However, such has been the centralization of authority over the past twenty years that few local authorities, including those of capital cities, have the capacity either to make basic decisions about which projects to choose or to carry out necessary civil works. Some devolution of authority has been justified by the management capacity of cities such as Abidjan, Dakar, Nairobi, Lusaka and Harare, but it has rarely been effectively extended to secondary towns.

The British and French colonial models of local government set the pattern for the development of local governments throughout most of Africa. The fundamental policies underlying these models were different. The development of the British model in Africa was guided by "indirect rule," where a structure of local government, decentralized to the district level, coexisted with and operated through existing traditional or native authorities. The French model was based on a policy of "assimilation" or "direct rule," where the highly centralized, hierarchally controlled system of local government administration in France was replicated in the colonies, replacing any pre-colonial indigenous forms of local governments.

Given these differing political approaches to government administration in the colonies, the Francophone countries collectively inherited a highly centralized, uniform structure of local government which continues today to directly model itself on the domestic government system in France. The Anglophone countries evolved a full-scale conciliar, formal government, but which lacked uniformity because of the enormous variety of traditional institutions integrated into the system. This has resulted in a more variable structure and mode of operation among the Anglophone countries.

While the two models as they have evolved in Africa have some clear distinctions in their structure, neither has demonstrated a commitment to the development of strong local government authorities at the city or municipal level. Instead, they have both emerged as basically centralized systems with limited delegation of authority and a control of revenue destined for local government.

The Government of Ghana, for example, has announced a decentralization policy. Elections for the new district assemblies will take place in late 1988. Until now, the district councils have been given more responsibilities but no more resources. In fact, the Government subsidy to cover district council wages and salaries has been reduced from 100 to 50 percent; it will eventually be withdrawn altogether. The proposal to replace that support with a grant equivalent to 15 percent of all tax revenues collected by central government in the region has not been implemented. District councils will probably have to rely on enhanced property and business tax revenue to make decentralization work.

The results of a 1982 IMF survey indicate the weakness of "local" government in Africa. Fifteen percent of all government jobs in developing countries are accounted for by "local" rather than "central" government. The figure for the industrialized countries is 57 percent. The African proportion is only 6 percent, compared with 21 percent for Latin America and 37 percent for Asia.

Nevertheless, since the late 1970's both systems have tended to move in the direction of decentralization. There is a general recognition that urban services can only be provided efficiently if there is a partnership between central and local government, with greater responsibilities being given to the latter than has generally been the case. Too much central control makes local development less sensitive to local needs and resources than should be the case, and gives local people few incentives to solve their own problems.

The purpose of decentralization is to make better use of local human, financial, and physical resources. It should not, in the first instance, be "territorial equity." The premise underlying decentralization programs should be that the centralization of the past has wasted local resources. The probable source of the wasted resources is weakened motivation or poor incentives. People see no direct connection between what they pay to (mainly) central government agencies in taxes and user charges and what they receive in services. Decentralization offers the possibility for more effective resource mobilization; self-sustaining development; development projects that better reflect local needs and desires; increased public participation in decision-making.

The functions of the municipalities themselves are limited: street maintenance, public health and sanitation, street lighting, markets, slaughterhouses, cemetaries, parks, sports and cultural activities and, in some cases, primary education. Sanitation services (especially solid waste disposal) often absorb a high proportion of the total budget (60 percent in Accra, for example).

Infrastructure, such as electricity and water supply, is frequently provided by parastatals reporting to central government; other urban services, such as health and education, are usually provided directly by central government departments themselves. Africa suffers from parastatals that absorb large amounts of investment, provide poor services and are not financially viable. Their dependence on subsidies adds still further to the power of central government.

Training is a key to effective management for both municipalities and the local operations of public enterprises. Many African countries have announced decentralization policies that give local authorities more responsibility for the provision and maintenance of local services before they have the necessary human and financial resources.

The questions often arise: When is the right time to decentralize? Are resource constraints now so severe that most countries cannot afford to do so? When decentralization is carried out, what activities are appropriate for local authority responsibility?

It is normally inappropriate to set up largely self-sustaining local authorities during early stages of development when there are few suitably qualified managers, accountants and engineers. It is more appropriate to apply the skills of the limited numbers of professionals to the solution of local infrastructure supply, operation and maintenance problems on a task force basis, such as Tanzania and Zaire plan to do in water supply and sanitation. However, it is correct at an early stage of development to begin the training programs that are a necessary pre-condition for decentralization.

The financial resource constraints do of course make it difficult for central government to allocate significant budgets to local authorities. In fact, what has often happened, as in Ghana, is that central government has been forced by structural adjustment to reduce allocations to local government while, in the name of decentralization, to give local government more responsibilities. However, one objective of decentralization is to encourage, or even force, local government to raise much more revenue locally and eventually execute their responsibilities without supervision from central government. This can be done: Zimbabwe's rural district and municipal councils generally achieve full cost recovery; they also provide good maintenance and control effectively the use of their infrastructure.

Responsibilities that local authorities generally enjoy now are frequently limited to the maintenance of water supply and sanitation systems, or solid waste disposal. When decentralization occurs, local authorities might assume responsibility for activities such as local road construction and maintenance, the managment of public sector housing stock, or the operation of a municipal water authority.

5.3 Local Resource Mobilization

Improved local resource mobilization is important for effective urban management and decentralization. Governments can raise more revenue from urban households and businesses when taxes on agricultural output are removed as part of structural adjustment.

At the same time, overall expenditure requirements are rising rather than staying the same. World Bank studies estimate that additional sources of revenue amounting to as much as five percent of GDP will be required.

The share of local government participation in public sector resource mobilization is particularly low in Africa. Senegal's municipalities finance a larger proportion of the cost of urban services, 12 percent, than most other African countries. The average for Latin American countries is now 25 percent.

There has been more resource mobilization in (and devolution of authority to) capital cities than in secondary towns in Africa. Dakar accounts for 80 percent of the "ordinary revenues" generated by Senegal's regional capitals. Kaolach is 20 percent of the size of Dakar, but its receipts for 1980-81 were only 7 percent of Dakar's; its "capital receipts" are only 3 percent of Dakar's. This is largely because Dakar has highly valued taxable property and a good collection system.

Unfortunately, at a time when many governments are announcing decentralization policies, municipal finances are actually deteriorating. Dakar's revenue fell by 50 percent in constant francs between 1980/81 and 1983/84. Ouagadougou's income per inhabitant fell from CFA (constant) 1,862 to CFA 976 between 1980 and 1985.

There are a number of sources of local revenue for municipalities. Property taxation is usually the largest (58 percent in Senegal, for example). Others include taxes on individuals, business licenses ("patentes" in francophone Africa), and liquor and automobile licenses. There are also user charges for garbage collection and entertainment, and fees for markets, taxi stands and slaughterhouses.

The potential for local revenue mobilization is rarely achieved. A recent study in Kumasi, Ghana, estimated that only 12 percent of the 1986 potential rural revenue was collected. Because the property tax is based on a 1960 valuation and because collection rates are so poor, only 4 percent of that tax's potential will be collected (and property taxes should account for about one third of total municipal revenue). No solid waste disposal charges are even levied. There are no business license revenues. To take another example, from a country that is generally thought to have been managed well, Côte d'Ivoire, in 1967 the collection rate on the property tax was 40 percent; it had improved to 60 percent by 1982, but then decreased to its present rate of 30 percent. Tanzania's urban councils are undertaking a valuation of all properties. Town treasurers expect 10- to 12-fold increases in property tax revenues; in some instances this would be sufficient to eliminate central government allocations.

There are a number of problems with the local authority revenue base. It is often unreliable and inelastic to changes in income. Local authorities in Kenya, for example, levy market and stock auction fees that are dependent on a rather variable level of trading. The same is true of Kenya's "agricultural cess," a levy on crop production. Property based revenue doesn't increase with rising population and income because valuation rates are not updated frequently enough (Smoke, 1987).

A major obstacle to improved revenue mobilization is the absence of a relationship between taxes paid and services provided, as perceived by the taxpayers. Kumasi's business people--the sawmill owners, shopkeepers, and the markets' "Queen Mothers"--complain bitterly about poor services, especially the road conditions. Yet the local authority cannot even collect property taxes based on values of over 20 years ago. People say that no services are provided. To a certain extent their perception is true since the municipality does not have enough revenue to pay the wages of its staff, let alone purchase materials and tools. In this situation, revenue collection could be enhanced if taxpayers were informed of the objectives of taxation and if some revenue were earmarked for vital and visible projects.

Better local resource mobilization by public enterprises is also important. Current demand studies indicate that urban households and businesses are often willing to pay much more for water and power than is assumed by the managers of public utilities. Some of the most convincing evidence is what people actually do pay when public services break down. A large portion of Nigeria's industrial enterprises provide their own electrical power since the public supply systems are so unreliable. The unit cost is far higher than if the public system were operational, but the businesses remain viable. In many countries the urban poor actually pay more for water than other segments of the community. Again, partly because of the breakdown of public services, the poor often purchase water from street vendors at very high unit costs. Tanzania's poor pay up to 200 shillings per month for buckets of water from private vendors; families with household connections to the city system pay about the same. If tariff increases provided the revenue required to extend and maintain services, many would benefit and urban efficiency would improve.

There are also problems on the cost side. A recent survey of World Bank water and sanitation projects showed that although the projects' revenue expectations were rarely achieved, costs were always far higher than expected, leading to an almost universal lack of financial viability.

Some countries are introducing new methods to finance local services. They are moving away from direct budgetary allocations to a type of banking operation, known as "infrastructure development funds". In the francophone countries in particular, special agencies responsible for local capital financing are being established. Revenue contributions come from both central and local government, sometimes from earmarked sources. Examples include:

- FEC (Fonds d'equipment communale), Senegal
- FEICOM (Fonds d'equipment interministerial communale), Cameroon
- FIAV (Fonds interministerials d'amenagement urbain), Côte d'Ivoire

Each of these includes the supply of capital investment <u>and</u> services to local government. FEICOM, for example, provides liquidity advances to local government and training programs for municipal employees.

5.4 Land Management

Land is a vital resource in development that is under increasing pressure as rapid population growth continues. Urban population growth rates are so high in Africa that land equivalent to that now occupied by Lagos and Kinshasa is required to accommodate each year's growth. And, because land is so important, it is a very political issue.

Land is an inefficiently used resource in Africa today. Improvements are required in land registration, land development, tenure and property rights, property tax valuation and collection, and land transfers. The actions required will involve the elimination of barriers to smooth functioning land markets. Improvments to land information systems (cadastres and related components) is also essential. In Kenya, it has been noted that the problem is not so much in the legal system per se as in the cumbersome administration of the existing laws.

Land policy and management issues have been neglected. Although the lack of serviced or serviceable land is often identified as a major constraint to efficient urbanization, governments rarely formulate land policies that deal with this problem. They often lack the information to do so: almost none have the capacity to prepare maps that reflect rapidly changing urbanizing areas; very few have topographic maps; hardly any know how much land the public sector owns or occupies. (Detailed western-style land use maps are often not necessary. It is more important to obtain on a regular basis the kind of land use information that can be produced at very low cost by satellite imagery.) Nevertheless, government is always the major land owner and therefore the main determinant of land's supply, demand and price in any urban location. Few governments have paid due attention to the impact on densities and infrastructure costs of tribal ownership of land around cities. Almost no African governments use the increments in the value of serviced land to recover infrastructure supply costs. A clarification of land rights by governments would encourage households and companies to invest in upgrading their own property, and banks to make loans to them, both of which will assist domestic resource mobilization.

The disorganized land markets that characterize much of the region, with conflicting ownership claims and unclear boundaries, impede public and private sector development alike. Property transfers are risky and transactions time consuming. Only 10 percent of Kinshasa's and 20 percent of Kampala's parcels are officially registered. There is often a confusing mixture of statutory and customary rights, and even conflicting legislation on the matter. The Government of Madagascar was unable to acquire a site for a project when it was invaded by squatters, who quoted legislation as valid as that being invoked by the Government. No effective legal means could be found to clear the site.

A major reason why land transactions are not taking place is the complex and expensive land titling and valuation systems. Simplification is required. A western-style land information system can cost up to $70 per annum per person to establish and maintain. This is not far short of the annual per capita income in the poorest countries. Systems costing a few cents per capita must be introduced. These systems should seek to establish land title only to the minimum necessary for property taxation, collateral for borrowing, and secure tenure.

Problems arise from the conflict between traditional tribal (communal) and modern land tenure systems. A modern economy needs to permit changes in land rights, and consequent land uses, as income levels rise and the city economies evolve. Cities have to be developed at higher densities than tribal villages since land at the center becomes relatively scarce and since the unit costs of supplying infrastructure fall with increasing density. The land around many African towns and cities is still being developed in accordance with tribal systems. For example the average plot size around the edge of Maseru, Lesotho, is over 1,000 m2, only about 16 percent of which is occupied by a dwelling unit. Tradeoffs must be considered among a) the provision of infrastructure and its costs; b) a family's traditional use of land for income generation purposes; and c) the depletion of valuable agricultural land. As employment opportunities expand in urbanizing areas, traditional uses of the family plot are replaced by urban expectations of basic infrastructure. The traditional lot size standards, therefore, are no longer justified.

Governments should work with tribal chiefs to facilitate the transition from rural to urban land and the transfer of land rights. The development of land markets on the edges of towns and cities must be encouraged. Markets will develop if the families allocated land by their chiefs have sufficiently clear title to be able to develop or sell it as they wish. In many countries there are title disputes when the head of the household dies and the chief has to decide who should have the land.

An alternative to creating an active private sector land market is for the public sector to acquire large areas of land to develop at higher densities. This is in fact happening in countries such as Lesotho where tribal systems are strong.

5.5 Small Businesses

More attention should be paid by governments and donors to the small businesses that employ the great majority of the urban (and rural) labor force. Structural adjustment is reducing formal sector employment opportunities in towns and cities. The productive potential of small businesses is ignored while inefficient public enterprises yielding poor returns receive the investment resources allocated to "productive" activities.

Government actions have a direct impact on employment and income levels in cities. Currently, the attractiveness of urban areas, particularly capital cities, has been red... by cutbacks in the government sector itself. Rapid inflation has eroded public sector earnings. In Sudan, civil service salaries fell by 50 percent in the early 1970's and have fallen by an additional 30 percent since 1978. By 1983, Zaire's public service salaries had fallen to one-fifth of their level in 1975, in real terms; in nominal terms, they had risen seven times. Administrative reforms in Zaire resulted in annual reductions of civil service staff of about 25,000 between 1980 and 1984. These trends will be reinforced by structural adjustment.

Public enterprises are more important in the economies of African countries than elsewhere in the world. Worldwide, public enterprises are responsible for about 10 percent of GDP. The figure is higher in most African countries, e.g. 40 percent in Sudan, 39 percent in Zambia, 25 percent in Guinea and Mauritania, 19 percent in Senegal. The figures are even higher for the manufacturing sector. Public enterprises account for over 90 percent of manufacturing value added in Ethiopia, 80 percent in Somalia, 50 percent in Zambia, and 40 percent in Cameroon. They dominate formal sector employment.

Public enterprises often use domestic banking resources that could be available for large and small enterprises in the private sector. Their financial performance is so poor that they are not able to internally generate a sufficient amount of working capital. A study of seven countries in West Africa showed that public enterprises account for 27 percent of all domestic credit. In 1982, 82 percent of the Senegalese banking sector's outstanding debt was tied up in public enterprises, which together accounted for one percent of all bank deposits (Gouadain and Lecointre, 1984).

That is not to say that public enterprises do not play an important role in development. Public sector institutions are often created because the private sector does not provide public goods. In addition, donor and international banks are often only prepared to lend to institutions with government guarantees, namely, public enterprises. Nevetherless, there is a growing consensus that the influence of parastatals should be reduced and private enterprise should be stimulated.

Governments have allocated too many resources to public enterprises for a poor return in terms of resource utilization and development. In a study of 12 West African countries, 62 percent of the sample of public enterprises showed net losses, while 36 percent had negative net worth (Bovet, 1985). Over $1.4 billion had been invested in Kenya public enterprises by the early 1980's, but that only yielded an average rate of return of 0.2 percent. Public enterprises account for 75 percent of modern sector employment in Guinea, 58 percent in Niger, and 40 percent in Burundi. The governments themselves, of course, account for much of the balance of formal sector employment.

Governments are adopting policies that will stimulate the private sector to create new job opportunities. As they do so, they must pay more attention to the needs of informal businesses. Even after policies that unreasonably favor urban areas are eliminated, it is vital to expand urban employment opportunities to support productive settled agriculture, provide jobs for surplus rural labor, and absorb natural increases in urban population.

The informal sector already has a particularly important role in urban areas. Microenterprises (businesses employing less than 10 people; small scale enterprises are normally defined as having fewer than 50 employees) not only employ from 30 to 60 percent of the labor force but they also make a substantial contribution to national output. More than half the total industrial output of Burundi and Botswana, and one quarter of Tanzania's and Kenya's, is produced by small scale enterprises. Small scale enterprises contribute between three to eight percent of GDP (Liedholm and Mead, 1987). They account for a high proportion of the manufacturing in rural areas: 86 percent in Sierra Leone, 72 percent in Ghana and 64 percent in Zambia. The relationship between the small scale enterprise sector and agriculture is strong. One study showed that for every one dollar of value of income created by an agricultural project, 90 cents of value-added was created indirectly for local non-farm enterprises (Bell, Hazall and Slade, 1982). The Liedholm and Mead studies have shown that the sector continues to be important even when household demand and incomes increase at more advanced stages of development.

The informal sector is particularly important in the early to middle stages of development, and at all stages, can become more productive. It is not clear, however, how governments and donors can best encourage productivity improvements and the process by which precarious small scale enterprises become well established medium scale businesses or simply prosper as small scale enterprises.

Some experts favor minimal intervention in the microenterprise sector. To quote one report: "Just benign neglect could well be a great help to many informal activities" (ILO, 1982). Government attempts to interfere may be counterproductive. To provide finance might be to risk encouraging the uneconomic use of capital. Small scale enterprises have to conserve capital since they have poor access to low cost finance. The same might apply to the provision of physical infrastructure and the construction of industrial estates. The very advantage of small scale enterprises where public capital is scarce is that they have learned to operate with minimal infrastructure. There is also the fear that government and donor supplied credit might replace personal domestic savings.

Other experts feel that much of the potential of the microenterprise sector is not realized because of its poor access to institutional finance. Simple economies of scale or specialization cannot be exploited because of a lack of working capital. Typically, more than half the small scale enterprises in a country are single person enterprises. Loans of just a few hundred dollars could often increase labor productivity many times. The greatest need is for working capital; the surveys reported by Liedholm and Mead indicate much surplus capacity (idle labor hours) exists.

From the government and donor point of view, projects in support of microenterprises have experienced poor cost recovery and limited replicability. The very high rates of interest charged by informal sector lenders are indicative of the high risks involved. As with housing finance, there might be some value in extending the scope of the formal financial sector, that is, encouraging commercial banks to lend to microenterprises. However, commercial banks regard the individual entrepreneurs concerned, who have little or no collateral, as poor risks. Studies have shown that almost all the initial investment comes from the entrepreneur's own savings or his family's; little comes from money-lenders, banks or government.

These problems have been overcome in other parts of the world. Some of the more successful microenterprise projects have in common the use of solidarity or mutual guarantee groups to overcome the problem of a lack of collateral. Loans are made by commercial banks to persons rather than businesses and those loans are guaranteed by other members of the group. In some instances the solidarity group takes responsibility for regular collections. These successful projects also have in common the use of non-government organizations (NGOs) to provide character references for borrowers, to stimulate the formation of solidarity groups and to bring banks and groups together at a local level. The necessary bookkeeping skills are acquired through contact with the banks and through NGOs. Projects along these lines have been successful in terms of cost recovery and widespread impact in Calcutta, San Salvador, Manila, and Guatemala.

Although there have been very few cases of projects designed to provide large scale support to the microenterprise sector anywhere in Africa, such projects could be successful. One promising example is the World Bank's first urban project in Burundi, where repayment rates on loans to artisans have been 80 and 87 percent in the past two years. Informal credit and savings organizations, which could form the basis for solidarity groups, are common in the region.

In many instances, the best way to support microinterprises may be to strengthen the many informal savings institutions, which tend to be better suited to serve the needs of microenterprises than the formal banking system.

5.6 Sites and Services and Urban Upgrading

African governments regard suitable shelter for all as a high priority. More are directly engaged in the provision of dwelling units than governments are in other continents. However, public resource constraints are now so severe that governments will increasingly be prepared to limit their support for the achievement of shelter goals to those activities that cannot be carried out by the private sector or for which the private sector has no incentive. Those activities include acquiring land for development, securing tenure, supplying basic infrastructure, establishing appropriate planning standards, and facilitating the mobilization of domestic private financial resources for housing construction.

It is appropriate for donors to encourage investment in shelter by supporting sites and services and upgrading projects. Housing is a productive investment. Housing investment mobilizes domestic savings, requires few imported inputs (particularly for the lower-income groups), creates substantial direct and indirect employment in the microenterprise sector, improves labor productivity through better living conditions, generates income through the operation of small home-based businesses (84 percent of Sierra Leone's small scale enterprises are home-based) and renting rooms, and contributes to skill development. The multiplier for housing investment appears to be in the upper half of the multipliers of all industrial sectors in countries where they have been computed. As economies develop, housing development is increasingly important in annual investments. Annual investment in housing in developing economies as a whole ranges from 2.5 to 7 percent of GDP or 15 to 24 percent of fixed investment. Housing makes up between 30 to 50 percent of national wealth. It is the main asset of most households.

Squatter upgrading is also important. Africa's cities and towns are growing much more quickly than sites can be prepared and serviced. Squatter settlements dominate many cities, accommodating as much as 70 percent of the total population. These settlements are characterized by high densities, poor water supply, almost no all-weather roads, and inadequate sanitation leading to health problems. The journeys to work for those who work outside the settlement are often very long, as are the trips to collect potable water.

Evaluations have demonstrated that squatter upgrading projects involving improved access to water, better sanitation, better roads, the layout of workshop areas, public transportation and loans to improve property have very high economic rates of return.

As problems of urbanization have been defined in a more encompassing manner, so too have the kinds of activities appropriate for capital and technical assistance. Thus, Kenya's Small Town Development project supports the development of productive facilities such as roads and drainage improvements and infrastructure for small business estates, slaughterhouses, markets, and bus parks. Where A.I.D. is providing only technical assistance, activities have wide impact on urban development. In fact, technical assistance has frequently been the appropriate means by which A.I.D. can initiate activities that help determine a role for urbanization in national development. Mogadishu's Development Program, for example, provides a comprehensive approach to improving land planning and management. Cadastral surveys are being funded in Dakar to improve tax collection and provide revenues for local infrastructure projects.

6.0 OPTIONS FOR A.I.D. URBAN DEVELOPMENT PROGRAMS

This section presents a series of recommendations for programmatic activities that A.I.D. can undertake to advance its objectives for national development in the context of increasing urbanization in Africa. Because the implementation of these programs must be very sensitive to the stage of development of a country, the relationship between those stages and the six program areas discussed in Section 5 is described first. The section concludes with brief descriptions of two prototype activities A.I.D. has already undertaken in Kenya and Côte d'Ivoire.

6.1 Stages of Development and Program Elements

The influence of stages of development is summarized in Figure 4. Only the first three of the five stages outlined in Section 4 are included since almost no African nation has yet reached the fourth stage, in which half the population works in urban locations, or is likely to do so in the near future.

Donors should begin to be active in the urban sector in Stage 2, particularly by encouraging the establishment of effective local government even outside the capital city, supporting urban infrastructure upgrading programs, and beginning to introduce land management. Donors should be very active in Stage 3 when the linkages between emerging secondary towns and the significantly more productive agricultural areas become much stronger. Towns are more sophisticated centers of economic activity at this stage. Training programs are required for local authority and locally based public utility staff. Finance systems responsive to the needs of households and small businesses have to be introduced. The capacity to carry out and maintain legal and fiscal cadastres has to be established. One continuing objective should be to develop self-reliant local administration as countries move into Stages 4 and 5.

Other factors have to be taken into account in the design of appropriate donor support to the urban sector:

- High/low per capita income: This is partly a function of the stage of development. Only the higher income countries in Africa are suitable for Housing Guarantee programs for instance. Resource mobilization and decentralization potential is better in higher income countries.

- High/low domestic liquidity: The high liquidity in Botswana, Lesotho, and Swaziland are examples. More advanced intervention and more self-reliant solutions are possible. Training programs are more effective than investment.

- Primate cities: In countries with large capital or primate cities in poor condition, it is difficult to decide if the first priority is the capital city or a more manageable secondary town where improved systems are more likely to be successfully introduced.

Figure 4: THE STAGES OF DEVELOPMENT AND CONDITIONS FOR URBAN DEVELOPMENT INTERVENTIONS

STAGE	SECONDARY & MARKET TOWNS	MANAGEMENT OF MUNICIPAL SERVICES	LOCAL RESOURCE MOBILIZATION
1. Subsistence	Most rapid growth in the primate city.	By central government except in capital city.	Few savings because weak cash economy.
2. Emerging Local Markets	Only the largest need significant infrastructure support programs. Feeder roads important.	Introduce local government to secondary towns; limited range of services.	Growing need for working capital; local savings emerging.
3. Rising Agricultural Productivity	Secondary and market towns very very important. Upgrade some main roads; more feeder roads.	Strengthen local government in secondary towns. Extend range of services, e.g., locally-based water authority.	Aim at self-sufficient local development based on financial resources. Eventually local authorities fiscally independent of central government.

STAGE	LAND MANAGEMENT	SMALL BUSINESSES	SITES & SERVICES & URBAN UPGRADING	LEVEL OF URBAN SECTOR DONOR SUPPORT REQUIRED
1. Subsistence	Important in rural areas - bush/fallow uses up to 14 times as much land as settled agriculture.	Few non-farming enterprises.	Needed in primate city.	Little
2. Emerging Local Markets	Rapid expansion of urban centers. Need to introduce suitable land tenure systems.	Rapid growth on basis own funds. Early industrial activity via parastatals.	Becoming important in secondary towns.	Growing
3. Rising Agricultural Productivity	Growing need for land management. Urban fringe-agricultural land use completion severe. Resource mobilization based on clear title and secure tenure.	Agriculture needs much more support from small businesses. Need formal-informal financial sector linkages. Microenterprises have potential to become larger and more sophisticated. Mature private sector emerging	Very important with rapid urban population growth rates.	Considerable

- Oil or other mineral rich countries with substantial foreign exchange: There are not many of these. (Nigeria's per capita income will soon fall to about $300.) Such countries need training programs more than loans.

- High debt countries: Those with 50 percent or more of export earnings going to debt servicing probably cannot handle more loans. Priorities are local resource mobilization and training.

- Very poor infrastructure: This is the case with most African countries now. Primary focus should be on rehabilitation and maintenance (not on extending networks), and on mobilizing domestic resources to support operation and maintenance. Very low infrastructure standards will have to be accepted for many years.

6.2 Suggested A.I.D. Activities

In the context of national development strategies, A.I.D. should support a wide range of urban development programs. Priorities should include the improvement of land delivery systems, infrastructure, credit, training, and support for decentralization. Recommended activities for A.I.D. consideration are presented for each of the six program areas discussed in Section 5.

Secondary and Market Town Development

Secondary and market town development programs should be designed to support national economic development especially in agricultural productivity, off-farm employment, infrastructure, and institutional requirements that make urbanizing areas work. Programs identify policy and institutional issues for continuing dialogue. Strategies deal with resource allocation methods; macro-economic issues such as interest rates; revenue generating authority; land; and credit. Towards these ends, A.I.D. should consider providing support to the development of national urbanization policies based on:

(1) An analysis that would prioritize and relate urbanizing areas by economic potential and their role in the national urban network.

(2) An analysis of the institutions that make up the delivery system for land, infrastructure and credit to improve operational responsibilities.

(3) An analysis of physical development standards that establish appropriate levels for land development and upgrading projects.

(4) An analysis of the sources and amounts of investment required to finance infrastructure and land in support of the development of productive facilities and settlement areas.

(5) An analysis of the important role of the informal sector in national economic development.

(6) A training strategy in response to policy issues and skills upgrading needs.

Management of Municipal Services

One of the roles of municipal management in national urbanization policies is to operationalize decentralization strategies. A.I.D. support should focus on the local authority's capacity to formulate local development policies; develop urban infrastructure and productive facilities that support local economic opportunities in agriculture, cottage industry and handicrafts aimed at the local market; generate local revenues that will finance the supply and maintenance of basic infrastructure systems; and set up management systems that monitor and inform local officials about local needs. These management systems provide the continuity that service delivery requires, particularly for institutions that suffer high turnover. A.I.D. should consider providing support for:

(1) A review of local government authority to charge land, sales and betterment taxes; user fees for services such as water, electricity, garbage collection, and for licenses for productive facilities such as markets, bus parks and small business locales. A review would also deal with local government authority to raise resources through bond issues and commercial borrowing.

(2) An analysis of local financial management including revenues, personnel, materials, equipment, structures, and land. This analysis could lead to A.I.D. support for the increasingly self-sustaining delivery of urban services through efficient and equitable local tariff assessment and collection systems.

(3) A training needs assessment and plan. Training initiatives should focus on local authority officials, central government agencies working with local government, shelter, land and infrastructure development entities, and private sector participation in local authority service delivery systems. A.I.D. support could assist national and local authorities and private training entities to develop the methodologies to carry out such assessments.

(4) A plan for local government support to private sector economic activity, especially informal sector activities and agriculture storage, marketing and distribution. A.I.D. support would also assist in developing a system that defines the roles of the local authority as facilitator and the private sector as implementor of infrastructure delivery and land development.

(5) An analysis of local authority physical development standards for infrastructure, land, shelter, and productive facilities. A.I.D. support could assist local authorities and professional associations develop physical development standards for progressively constructed shelter and infrastructure.

Local Resource Mobilization

Local resource mobilization permits continued physical development and service programs that usually suffer from undependable central government allocations. Local revenues will not completely replace central government support nor can each city and town finance its own urban services. Local resource mobilization, however, is a critical element of local authority management. It is important to consider infrastructure standards so that the costs of the improvements to the user are not excessive. Standards, cost recovery, and the user's capacity to pay are critical elements of local resource mobilization.

The role of the private sector is important in local resource mobilization. To the extent that local authority policies attract formal and informal private sector resources, the limited local government resources can be applied to appropriate local authority responsibilities. Such responsibilities include the provision of land for private sector development and the provision of urban infrastructure and services.

The following activities that A.I.D. could support promote the ability of local government to generate local physical, human, and financial resources.

(1) Analysis of the potential financial base and local authority mandate to levy taxes, grant licenses, and collect fees and tariffs. A.I.D. support could review national policies and legislation that control local authorities. Important data could come from cadastral surveys, infrastructure, productive facilities, and local service demand.

(2) Analysis and development of infrastructure tariff system. Important data are capital and maintenance costs for existing and future development.

(3) Analysis of the role that bond issues and commercial borrowings can play in local resource mobilization. A.I.D. support would focus on national and international bond markets and national discount operations.

(4) A local resource inventory that maps and records the physical infrastructure, land and equipment currently available to a local authority. A.I.D. support would focus on both the hardware and software required to manage the inventory as well as necessary training.

(5) Programs that establish municipal management systems for local authorities.

Land Management

The purposes of land management programs are (a) to sensitize national and local governments to the non-replenishable nature of land as a resource, especially now when urban areas are growing rapidly; (b) to inform officials of the economic impact of land development standards, especially lot sizes, community and green space reserves, and vehicular and pedestrian circulation; (c) to facilitate the role of the private sector in land development; and, (d) to develop national land markets in response to demand.

The following activities reflect A.I.D. concern for: land availability and distribution; land registration for tax, credit collateral and market purposes; valuations of national and local government land holdings; market price determinations; land requirements for settlement areas and productive facilities; and establishing future land requirements for the provision of infrastructure and the management capacity to provide it. The activities include:

(1) Studies of the informal land markets in cities.

(2) Cost-effective cadastral systems that make land markets function more smoothly and provide the basis for property taxation and the collateral needed to encourage local investment.

(3) Methodologies for public and private sector collaboration to develop land.

(4) An analysis of public sector land policies that include tax law reform and tax collection.

(5) Undertaking land inventories that map national and local government land holdings as well as present the development potential of the holdings. A.I.D. support could equip and train national and local authority staff in simple mapping and accounting techniques as well as defining guidelines to stage land development.

(6) An analysis of land development standards that support efficient use and the cost effective provision of infrastructure.

Small Businesses

Small business programs encourage the diversification of off-farm employment opportunities, provide basic products and services (such as building materials, housewares and processed foods) to urbanizing and rural areas, and attract private sector resources. Small business programs contribute to the credit requirements of decentralization efforts and depend upon national and local finance policies to prosper. A thriving private credit system of credit unions, commercial banks, and building societies can enhance small business development. In addition, it can support low income family credit needs for infrastructure connections and home improvements, in turn improving informal sector productive activities. The following actions would support small business policy development and programs:

(1) Demonstration lending programs for credit unions, building societies and commercial banks that expand an institution's traditional clientele to include low-income families and informal sector entrepreneurs. Such programs include the development of lending criteria for credit institutions, resource mobilization to expand the institutions' lending base, and collection systems.

(2) Training programs for small businesses to address management, product design, and marketing requirements.

(3) An analysis of the importance of small business, especially informal sector economic activities, to off-farm employment opportunities and to local economic development.

Sites and Services and Urban Upgrading

Sites and services and urban upgrading programs represent the physical development components of a national urbanization policy and the products of national and local development programs. The success of policy development, management systems, training, and resource mobilization is reflected in the supply of land and infrastructure available to the range of income groups. Land and infrastructure programs require appropriate development standards and efficient titling and registration.

Land and infrastructure development for productive and residential use suggest sector lending programs that seek policy changes to improve the land, infrastructure and credit delivery systems. Land and infrastructure programs demonstrate financial, technical, social and administrative innovations sought in delivery system policies and operations. A.I.D. support has produced successful national demonstration programs which include the following:

(1) Program criteria for land, infrastructure and credit development based on beneficiary affordability and cost recovery.

(2) Demonstration programs with public and private finance institutions that open lines of credit to developers who conform to low-income family program criteria.

(3) Sector lending programs that engage public and private sector entities in a dialogue on national and local investment priorities, delivery systems, and implementation improvements.

6.3 New Program Directions

Activities that the urbanization process offers in support of the current stage of development of the region are presented above. With RHUDO support, USAID/Kenya and USAID/Côte d'Ivoire are developing sector lending programs that build urbanization opportunities and resources into agriculture development.

Kenya. A major objective of Kenya's development strategy outlined in Kenya's Sessional Paper No. 1 is to promote more rapid economic growth in the rural areas. Central to this growth is the promotion of an improved balance between rural and urban development based on the vigorous growth of secondary towns and urban centers throughout the country. The aim of the strategy is to promote the development of an urban system that supports the growth of agriculture and the development of rural areas, and that generates productive employment opportunities in non-farm activities.

USAID/Kenya's development strategy focusses on market development to encourage increased agricultural productivity, enterprise development, employment generation in towns and cities, production specialization and increased trade. The project proposes to develop selected market centers and to improve the policy environment for agricultural marketing with physical infrastructure and institutional capacity.

Côte d'Ivoire. The Côte d'Ivoire policy regarding investments and services in rapidly expanding cities and towns is to reduce the direct role of the central government in the urbanization process. Reforms to implement this policy include institution restructuring, reduction of subsidies and standards, improved cost recovery, and greater administrative decentralization and local government financial autonomy. A.I.D. programs support an enhanced role for local municipalities and for the private sector so that an increasing share of their resources go toward the improvement of infrastructure and shelter. Support is channelled through a sustained program of capital investments in secondary centers and through training programs to improve the management and financial base of municipal governments. Such support for an urban investment strategy seeks to overcome regional disparities in infrastructure and service delivery but at the same time, maximize economic returns in the regional economies.

The USAID/Côte d'Ivoire Secondary City Program finances revenue-generating facilities, training programs for local officials, equipment for improving municipal public works departments, simplified cadastral surveys, surveys of market vendors for local tax collection purposes, improvements in tax collection procedures, and community development organizations. The program also supports an analysis of the economic linkages between project towns and their rural hinterlands in order to identify urban-based investments which would support development of the agricultural sector.

The ability of A.I.D. to build on the opportunities that urbanization holds requires A.I.D. Missions to recognize and assess the role of urbanizing areas in their development programs, especially at the stage of agriculture production and marketing. Missions can then prepare strategies and design programs, as those in Kenya and Côte d'Ivoire, that reflect the issues and opportunities of urbanization that this paper is intended to provoke.

RESOURCES AND REFERENCES

ACA, Secondary Towns in Africa, Phase I Report, 1985.

Agarwala, R., Price Distortions and Growth in Developing Countries, Washington, D.C., World Bank Staff Working Paper No. 575, 1983.

Agarwala, R., Financing Adjustment with Growth in Sub-Saharan Africa, 1986-90, World Bank Report No. 6082, February 1986.

Agency for International Development, U.S. Assistance Strategy for Africa, June 1987.

Agency for International Development, Development Management in Africa: The Case of the North Shaba Rural Development Project in Zaire, Special Study No. 32, December 1985.

Agency for International Development, U.S. Assistance Strategy for Africa, 1987-1990, June 1986.

Agency for International Development, Housing and Urban Development Discussion Paper, January 1986.

Agency for International Development, Urban Development Policy Paper, October 1984.

Agency for International Development, Kenya, Country Development Strategy Statement, FY 1985, Washington, D.C., January 1983.

Agency for International Development, Rwanda, Country Development Strategy Statement, FY 1988, Washington, D.C., March 1987.

Agency for International Development, Zaire, Country Development Strategy Statement, FY 1987 Update, Washington, D.C., May 1985.

Anas, Alex and Kyu Sik Lee, Infrastructure and Productivity: The Case of Nigerian Manufacturing, World Bank, mimeo, 1987.

Barnes, Douglas F., Population Growth and Land Resource in Sudan, Draft, World Bank, Washington, D.C.

Barnes, Douglas F., Population Growth and Household Energy in Sub-Saharan Africa, World Bank, mimeo, March 1985.

Becker, Charles M., deBudisco, Chris, and Morrison, Ph.D., Urban Africa in Macroeconomic and Microeconomic Perspective: Issues and Options, World Bank, April 1986.

Bird, Richard M., and Miller, Barbara D., Taxation and the Poor in Developing Countries, Institute for Policy Analysis, University of Toronto, April 1985.

Birdsall, Nancy, A Population Perspective on Agricultural Development, World Bank 5th Agricultural Symposium, 1985.

Bond, Martin E., Agricultural Response to Prices in Sub Saharan African Countries, IMF Staff Papers, Vol. 30, No. 4, December 1983.

Chandavorkat, Anand G., "The Financial Pull of Urban Areas in LDC's," Finance and Development, June 1985.

Chandavorkat, Anand G., Human Settlement and Natural Resource Systems Analysis, Clark University Institute for Development Anthropology, October 1984.

Chester, Lawren A., Case Study: Cameroon: Population Growth and Land Resources, World Bank, mimeo, July 1985.

Clausen, A.W., Improving the Effectiveness of Urban Assistance: Lessons from the Past, Challenges for the Future, The World Bank, December 1985.

Cleaner, K., The Impact of Price and Exchange Rate Policies on Agriculture in Sub-Saharan Africa, Washington, World Bank Staff Working Paper No. 728, 1985.

Cohen, Michael A. et al, Urban Growth and Economic Development in the Sahel, World Bank Staff Working Paper No. 315, 1979.

Cohen, Michael A., Urban Sector Strategies for Africa: The Next Twenty Years, World Bank, 1981.

Cohen, Michael A. et al, Kenya; Economic Development and Urbanization Policy, World Bank, 1983.

Cohen, Michael A., "Experts Prescribe Many Cures for Africa's Illness," Conservation Foundation Letter, November-December 1985.

Cohen, Michael A., Sub-Saharan Africa: Progress Report on Development Prospects and Programs, World Bank, 1983.

Cole, William E., and Sanders, Richard D., "Internal Migration and Urban Employment in the Third World," The American Economic Review, June 1985.

Commission of the European Communities, Une Image a Long Term de L'Afrique Au Sud du Sahara, 1984.

Cour, J.M., Une Image 2000 des Interventions de la Banque Mondiale Dans le Domaine Urbain dans les Pays de L'Afrique de L'est, 1985.

Cour, J.M., Draft Memorandum on the Inadequacies of Current Data Bases Relating to Population and Urbanization in the Countries of Sub-Saharan Africa, E-848/85, French Africa, World Bank, 1985.

Cour, J.M., Les Implications Macro-Economiques de la Croissance Urbaine: Interactions Entre les Villes et Leur Hinterland, September 1985.

De Cola, Lee, "Urban Concentration in Africa," African Urban Quarterly, Vol. 1, Nos. 3 and 4, August and November 1986.

Enders, Michael J., Trip Report: Central Shaba Rural-Urban Linkages Study, RHUDO, May 1985.

Fuller, Theodore D., Resettlement as a Deserfication Control Measure: A Case Study in Dufur Region, Sudan, American Sociological Association, Washington, D.C., 1985.

Gargan, Edward, "On African Continent, A Multitude of Ailments", The New York Times, May 27, 1986.

Garnett, Harry, The Urban Sector and Macroeconomic Development in Sub-Saharan Africa, Abt Associates Inc., December 1985.

Garnett, Harry, Macro Implications of Urban Growth: City and the Macroeconomy, Abt Associates Inc., August 1985.

Garnett, Harry, Interim Report: Development with Regional Diversity in Sub-Saharan Africa: A Long Term Perspective, Abt Associates, 1986.

Gibb, Arthur Jr., "Tertiary Urbanization: The Agricultural Market Center as a Consumption Related Phenomenon," Regional Development Dialogue, 1984.

Grimes, O., Urban Land and Public Policy: Social Appropriation of Betterment, World Bank, 1984.

Grimes, O., Urban Strategy Development-Implementation Report, World Bank, 1985.

Hamer, Andrew Marshall, Urban Sub-Saharan Africa in Macroeconomic Perspective: Selected Issues and Options, World Bank, Washington, D.C., 1986.

Hansen, S., Employment Creation Potentials and Limitations in Sub-Saharan Africa, World Bank, Washington, D.C., 1984.

Hill, Althea, The Democracy of Zambia, PHN Technics Note 85-9, World Bank, Washington, D.C.

Ho, Teresa J., Population Growth and Agricultural Productivity in Sub-Saharan Africa, World Bank, January 1985.

Hoselitz, Bert, "Generative and Parasitic Cities": Economic Development and Cultural Change, Vol. 3, No. 2, 1955.

Kahnert, Friedrich, Assessment of the Calcutta Small Scale Credit Program, El Salvador: Small Scale Business Component, Guatemala Small Business Development Program, World Bank, mimeos.

Lele, Uma, Agriculture and Infrastructure, World Bank, mimeo, 1987.

Lewis, Maureen A. and Miller, Ted R., Public-Private Partnership in African Urban Development, A.I.D Office of Housing and Urban Programs, January 1986.

Lewis, W.A., The Evaluation of the International Economic Orders, Discussion Paper No. 74, Research Program in Development Studies, Princeton University, 1977.

Lipton, Michael, Why Poor People Stay Poor: Urban Bias and World Development, Cambridge: Harvard U.P., 1977.

Mayo, S.K. and Gross, D.J. Sites and Services - and Subsidies, World Bank, mimeo.

Mellor, John W. and Ranade, C.G., Technological Change in a Low Labor Productivity Land Surplus Economy: The African Development Problem, Draft.

Mera, K., "On the Urban Agglomeration and Economic Efficiency," Economic Development and Cultural Change, 21, 1973.

Mera, K., and Shishido, H., A Cross Sectional Analysis of Urbanization and Socio-Economic Development in the Developing World, World Bank, mimeo, 1983.

M'Greevey, William P., Economic Aspects of Historical Demographic Change, World Bank Staff Working Paper No. 685, Population and Development Series No. 10.

Montgomery, Mark R. and Brown, E., Urbanization in Sub-Saharan Africa, Office of Population Research, Princeton University, and Population, Health, and Nutrition Division, The World Bank, April 1985.

Nolan, Amy Upton, Decentralization, Democratization and Deconcentration: A Theoretical Perspective with Emphasis on the African Experience, MIT, May 1987.

Nudal, R., Higgins, G.M, Kassam, A.H., Land, Food and Population in the Developing World, FAO, 1983.

Page, John M., and Stell, William F., Small Scale Enterprise Development, World Bank Technical Paper No. 24, 1984.

Page, John M., and Stell, William F., Basic Needs in Danger, ILO/JASPM, Addis Ababa, 1980.

Pinseau, Michael, La Place de Casablanca dans le Budget de L'Etat Marocain, Royaume du Maroc, Ministere de L'interieur.

Pinseau, Michael, Secondary Towns in Africa, Their Role and Functions in National and Regional Development, Cooperation et Amenagement, Paris.

Prud-Homme, Remy. Does Paris Subsidize the Rest of France? mimeo, 1984.

Richardson, Harry W., and Qutub, S.A., Urban Crises and the Resource Crunch in Pakistan, World Bank, mimeo, 1984.

Richardson, Harry W., and M. Richardson. "The Relevance of Growth Center Strategies to Latin America." Economic Geography 51 (1975): 163-78.

Rondinelli, Dennis A. Integrated Urban and Rural Development: The Emerging Spatial Strategy of Development Policy, Asian Economic and Social Review 2, 1-2 (1977), pp 1-11.

Rondinelli, Dennis A. Secondary Cities in Developing Countries: Policies for Diffusing Urbanization, Beverly Hills, Calif.: Sage Publications, 1983.

Rondinelli, Dennis A. The Potential of Secondary Cities in Facilitating Deconcentrated Urbanization in Africa, Science and Technology Bureau, A.I.D.; African Urban Studies, Spring 1982, p. 9.

SCET International, Region Afrique de l'est et Comparison Avec le Reste de l'A.S.S.: Retrospective 1950-1980 et projection 1980-2010, 1985.

Smith, Cameron, L., and Tippett, Bruce A., Study of Problems Related to Scaling up Micro-enterprise Assistance Programs, Phase I, World Bank, October 1982.

Smoke, Paul, Strengthening Local Authorities in Kenya: Problems and Prospects, A.I.D. mimeo, January 1987.

Stren R., and Letenendiu C., Coping with Rapid Growth: An Annotated Bibliography in English and French on African Urban Management in the 1980's, University of Toronto, 1986.

Vining, Daniel R. Jr., "Population Redistribution Towards Core Areas of Less Developed Countries, 1950-1980," International Regional Science Review, Vol. 10, No. 1, pp. 1-45, 1986.

Webb, Richard, On Statistical Mapping of Urban Poverty and Employment, World Bank, 1976.

World Bank, World Development Report, 1985, 1986, 1987.

World Bank, Population Growth and Policies in Sub-Saharan Africa, Population, Health and Nutrition Department, December 1985.

World Bank, A World Bank Policy Study, Urban Transport, 1986.

Wynne Roberts, C.R., Small Scale Industry Development in Sub-Saharan Africa, World Bank, mimeo, 1980.

You, N. and L. Mazurell, mimeo, 1987.